

COUNTY OF TOMPKINS

Ithaca, New York

FINANCIAL STATEMENTS

December 31, 2018



COUNTY OF TOMPKINS

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INDEPENDENT AUDITORS' REPORT

County Legislature
County of Tompkins
Ithaca, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Tompkins Cortland Community College, which represents .5% and 1.2% respectively, of the assets and net position of the primary government. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Tompkins Cortland Community College, is based solely on the report of other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins, New York, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

During the year ended December 31, 2018, the County adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." As discussed in Note 20 to the financial statements, net position as of December 31, 2017 was restated to reflect this change in accounting principle. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Changes in the County's Total OPEB Liability and Related Ratios, Schedule of County's Contributions - NYSLRS Pension Plan, Schedule of the County's Proportionate Share of the Net Pension Liability, Budgetary Comparison Schedules, and the related notes to required supplementary information on pages 4-4p and 66-75 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The combining nonmajor fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019, on our consideration of the County of Tompkins's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Tompkins' internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 19, 2019

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Our discussion and analysis of the County of Tompkins' financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2018. Please read this information in conjunction with the County's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

Governmental Activities:

- During the year ended December 31, 2018, the County, Tompkins Cortland Community College (Joint Venture), and the Tompkins County Public Library adopted Government Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." (OPEB) As a result, beginning net position was reduced by \$15,442,838 for the governmental activities, \$12,706,875 of which was for the Joint Venture, and increased \$363,558 for the Library. GASB Statement No. 75 requires governments to record its total OPEB liability, as well as deferred outflows of resources and deferred inflows of resources related to the OPEB plan. See Notes 11 and 20 for more detailed information.
- Assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$121,325,809 (net position). Of this amount, \$(27,584,586) (unrestricted) was a deficit in 2018. This deficit is primarily a result of the recognition of OPEB liabilities.
- The County's governmental activities overall net position decreased \$3,135,490, or 2.5%, while unrestricted net (deficit) increased by \$4,598,039, or 20.0%, largely as a result of a decrease in the equity interest in joint ventures and changes in the County's share of pension obligations and other postemployment benefits liabilities.
- During the year, the County's governmental activities had revenues of \$190,396,616, as compared to \$163,928,240 in the prior year, an increase of \$26,468,376. Expenses of \$193,532,106 increased by \$5,230,590, from \$188,301,516 in 2017.
- The County invested \$12.5 million in capital assets during the year.
- The General Fund recorded an increase of \$4,779,708 in the current year and ended the year with a fund balance of \$49,665,771. Of this fund balance, \$41,384,887 was unassigned.
- The County's short-term and long-term obligations at year end totaled \$150,061,429, a decrease of \$13,964,108 from 2017. This decrease is primarily attributable to decreases in other postemployment benefits of \$4.3 million, bonds payable of \$3.2 million, and the proportionate share of net pension liability of \$9.6 million.

Business-type Activities:

- The County formed an Enterprise fund in the current year to account for the Tompkins Center for History & Culture Facility on Tioga Street.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5-6a) provide information about the County as a whole and present a longer-term view of the County's finances. Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. Governmental Fund financial statements also report the County's operations in greater detail than the Government-wide statements by providing information about the County's most significant funds. The remaining statements provide financial information about activities for which the County acts solely as a trustee or agent for the benefit of those outside the government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the County's Major Fund budgets for the year, a Schedule of Changes in the Total OPEB Liability and Related Ratios related to the County's other postemployment benefits, a Schedule of County's Contributions - NYSLRS Pension Plan, and a Schedule of the County's Proportionate Share of Net Pension Liability.

In addition to the basic financial statements, the annual report contains other information in the form of combining statements for those funds that are not considered Major Funds and, therefore, are not presented individually in the basic financial statements.

Reporting the County as a Whole

Analysis of the County as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer the question of whether the County, as a whole, is better off or worse off as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the County's net position and changes in it. The County's net position, the difference between assets and liabilities, is one way to measure the County's financial health, or financial position. Over time, increases or decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. One needs to consider other nonfinancial factors, however, such as changes in the County's property tax base and the condition of the County's roads, to assess the overall health of the County.

In the Statement of Net Position and the Statement of Activities, the County reports:

Governmental Activities: Most of the County's services are reported in this category, including Public Safety, Public Health, Economic Assistance, Transportation, and General Administration. Property and sales taxes, and state and federal grants finance most of these activities.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Business-Type Activities: Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Tompkins Center for History & Culture Facility on Tioga Street.

Component Units: The County includes four separate legal entities in its report - Tompkins County Public Library, Tompkins County Industrial Development Agency, Tompkins County Soil and Water Conservation District, and Tompkins Tobacco Asset Securitization Corporation (TTASC). TTASC is reported as a blended component unit with the County's Governmental Activities; complete financial statements can be obtained from the Tompkins County Director of Finance, 125 East Court Street, Ithaca, New York 14850. The other three component units are reported discretely. Although legally separate, these component units are important because the County is financially accountable for them. Complete financial statements for Tompkins County Public Library, Tompkins County Industrial Development Agency, and Tompkins County Soil and Water Conservation District can be obtained from their administrative offices. See Note 1 to the basic financial statements.

Joint Ventures: The County reports its interest in the equity of two joint ventures - Tompkins Consolidated Area Transit (TCAT), which was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University, to provide public transportation in Tompkins County and surrounding areas, and Tompkins Cortland Community College, a joint venture between Tompkins and Cortland Counties. Complete financial statements for these entities can be obtained from their administrative offices. See Note 1 to the basic financial statements.

Reporting the County's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the County's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the County as a whole. Some funds are required to be established by state law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants. The County's three types of funds - Governmental, Fiduciary, and Proprietary - use different accounting approaches.

Governmental Funds: All of the County's services are reported in the Governmental Funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using an accounting method called *modified accrual accounting* which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Proprietary Funds: When the County charges customers for the services it provides - whether to outside customers or to other units of the County - these services are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. Internal Service Funds (a component of Proprietary Funds) are used to report activities that provide supplies and services for the County's other programs and activities such as the administration of workers' compensation obligations and self insurance program for general liability. Enterprise Funds (a component of Proprietary Funds) are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Tompkins Center for History & Culture Facility on Tioga Street.

The County as Trustee: The County is the trustee, or fiduciary, for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. All of the County's Fiduciary Activities are reported in a separate Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position. We exclude these activities from the County's other financial statements because the County cannot use these assets to finance its operations. The County is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE COUNTY AS A WHOLE

The County's net position for the fiscal year ended December 31, 2018 decreased from \$124,461,299 to \$121,325,809. The County also recorded a net position decrease of \$24,373,276 during 2017.

The largest portion of the County's net position of \$141,930,627, reflects its investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure) less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the County's net position of \$6,979,768, represents resources subject to external restrictions on how they may be used and are reported as restricted.

The remaining category of total net position, unrestricted net (deficit) of \$27,584,586 represents the net (deficit) of County operations at December 31, 2018.

The County has appropriated \$2,422,242 for 2019 expenses and designated an additional \$18,259,111 for specific purposes. See Note 18 to the financial statements.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the County's Governmental Activities.

Figure 1 - Net Position

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Current Assets - County</i>	\$ 99,073,594	\$ 100,176,586	1.11%
<i>Current Assets - TTASC</i>	669,820	673,216	0.51%
<i>Capital Assets, Net</i>	189,911,763	189,448,857	(0.24)%
<i>Other Noncurrent Assets - County</i>	7,549,720	5,853,535	(22.47)%
<i>Other Noncurrent Assets - TTASC</i>	649,794	649,852	0.01%
<i>Total Assets</i>	297,854,691	296,802,046	(0.35)%
<i>Pensions</i>	13,374,061	18,148,720	35.70%
<i>Other Postemployment Benefits</i>	1,340,446	1,238,967	(7.57)%
<i>Deferred Charges on Defeased Debt</i>	435,222	349,016	(19.81)%
<i>Total Deferred Outflows of Resources</i>	15,149,729	19,736,703	30.28%
<i>Current Liabilities - County</i>	28,991,104	30,080,916	3.76%
<i>Current Liabilities - TTASC</i>	1,588,843	2,035,253	28.10%
<i>Noncurrent Liabilities - County</i>	143,802,604	126,239,206	(12.21)%
<i>Noncurrent Liabilities - TTASC</i>	11,188,582	11,091,814	(0.86)%
<i>Total Liabilities</i>	185,571,133	169,447,189	(8.69)%
<i>Pensions</i>	2,971,988	17,643,890	493.67%
<i>Other Postemployment Benefits</i>	-	8,121,861	N/A
<i>Total Deferred Inflows of Resources</i>	2,971,988	25,765,751	766.95%
<i>Net Investment in Capital Assets</i>	140,315,389	141,930,627	1.15%
<i>Restricted</i>	7,132,457	6,979,768	(2.14)%
<i>Unrestricted</i>	(22,986,547)	(27,584,586)	(20.00)%
<i>Total Net Position</i>	\$ 124,461,299	\$ 121,325,809	(2.52)%

Current assets of the County increased \$1,102,992 primarily as result of increases in amounts due from state and federal governments and prepaid expenses of \$8,874,618 and \$1,521,772, respectively; offset by a decrease in cash of \$8,255,131. Capital assets, net of accumulated depreciation decreased \$462,906 largely as a result of depreciation expense and the net book value of disposals exceeding capital additions. Other noncurrent assets decreased \$1,696,127 due to a decrease in the equity interests of joint ventures of \$2,446,147.

The fluctuations in deferred outflows and deferred inflows of resources related to pensions are due to the net difference between projected and actual investment earnings on pension plan investments and changes in assumptions.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Current liabilities increased \$1,536,222 largely as a result of an increase in payables of \$1,897,978. The County's noncurrent liabilities decreased by \$17,660,166 primarily due to decreases in long-term pension obligations of \$9,665,431, other postemployment benefits of \$4,278,213, and bonds payable of \$2,881,203.

The County's total revenues and total cost of all programs and services increased. Our analysis in Figure 2 separately considers the operations of Governmental Activities.

Figure 2 - Changes in Net Position

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
REVENUES			
<i>Program Revenues</i>			
<i>Charges for Services</i>	\$ 20,710,190	\$ 20,883,567	0.84%
<i>Operating Grants</i>	47,414,001	50,556,851	6.63%
<i>Capital Grants</i>	7,274,824	11,083,714	52.36%
<i>General Revenues</i>			
<i>Property Taxes and Tax Items</i>	46,948,295	47,773,392	1.76%
<i>Sales and Other Taxes</i>	56,715,976	59,947,003	5.70%
<i>Tobacco Settlement - County</i>	465,976	612,417	31.43%
<i>Tobacco Settlement - TTASC</i>	460,450	552,761	20.05%
<i>Unrestricted Grants</i>	574,473	441,633	(23.12)%
<i>Use of Money and Property</i>	2,232,494	2,129,567	(4.61)%
<i>Change in Equity Interest in Joint Ventures</i>	(21,273,482)	(2,446,147)	(88.50)%
<i>Other</i>	2,405,043	1,861,858	(22.59)%
<i>Transfers</i>	-	(3,000,000)	N/A
Total Revenues and Transfers	\$ 163,928,240	\$ 190,396,616	16.15%
PROGRAM EXPENSES			
<i>General Government</i>	\$ 32,530,593	\$ 34,122,962	4.89%
<i>Education</i>	10,115,730	9,142,232	(9.62)%
<i>Public Safety</i>	25,134,536	23,639,795	(5.95)%
<i>Public Health</i>	20,923,879	20,311,214	(2.93)%
<i>Transportation</i>	26,825,698	30,958,323	15.41%
<i>Economic Assistance and Opportunity</i>	55,161,835	59,813,446	8.43%
<i>Culture and Recreation</i>	6,917,831	4,342,450	(37.23)%
<i>Home and Community Services</i>	8,446,045	8,927,368	5.70%
<i>Interest on Debt</i>	2,245,369	2,274,316	1.29%
Total Expenses	\$ 188,301,516	\$ 193,532,106	2.78%
CHANGE IN NET POSITION	\$ (24,373,276)	\$ (3,135,490)	(87.14)%

COUNTY OF TOMPKINS

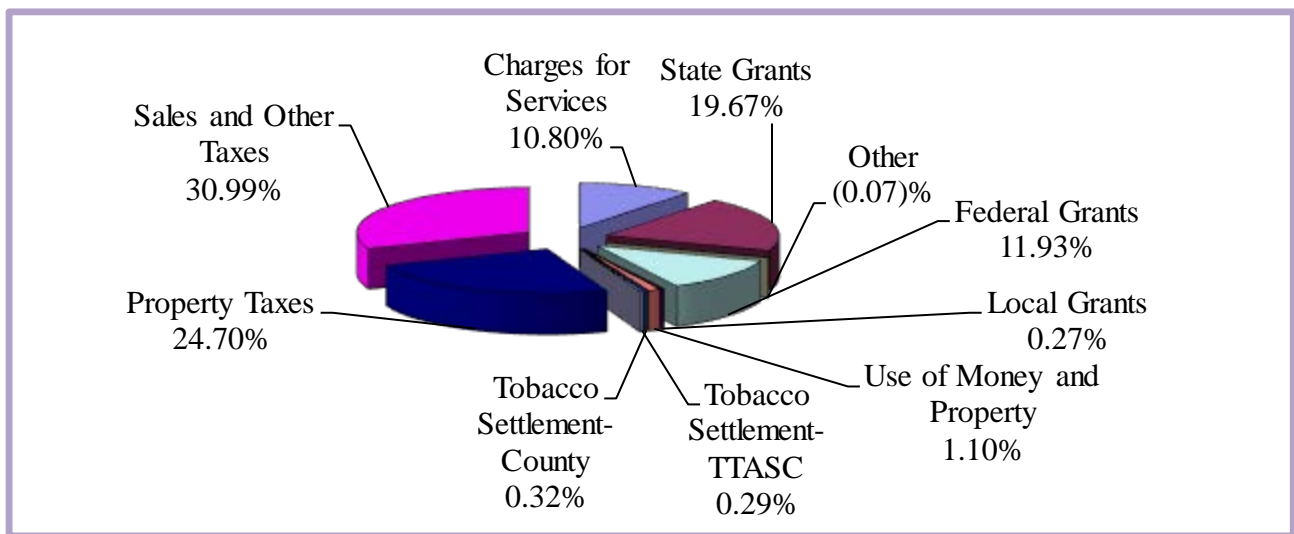
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

The increase in revenue was primarily due to a significantly smaller decrease in the equity interest in joint ventures over the prior year, and an increase in sales tax revenue, offset by a transfer of capital assets to the Business-type activities.

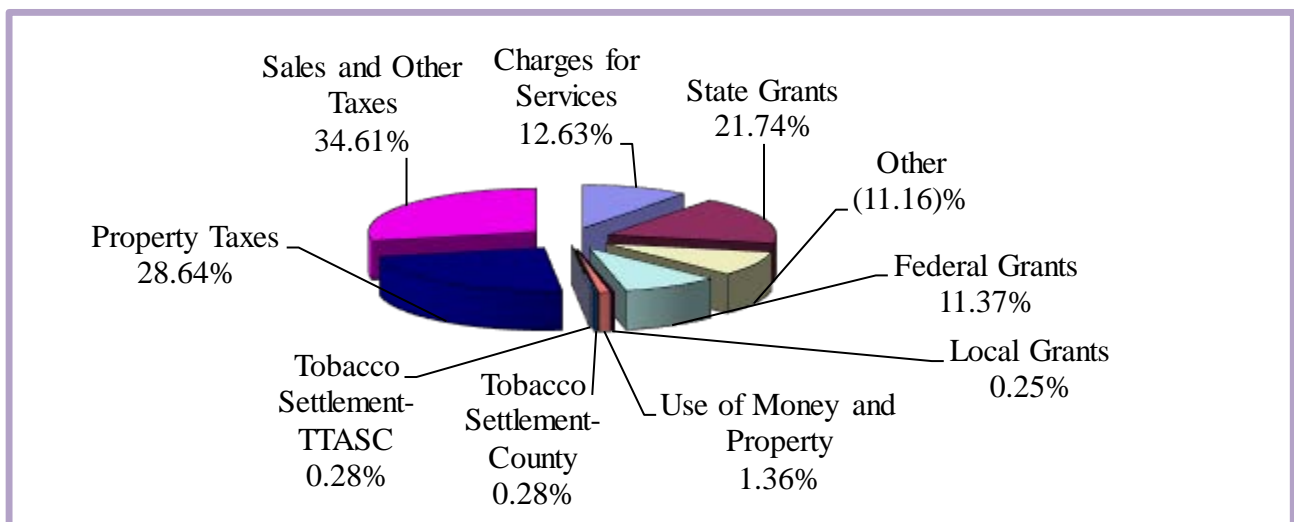
Expenses increased largely due to \$9.5 million more in General Fund expenditures.

Figures 3 and 4 show in percentages the sources of revenue for 2018 and 2017.

***Figure 3 - Revenue by Source
Governmental Activities - 2018***



***Figure 4 - Revenue by Source
Governmental Activities - 2017***



COUNTY OF TOMPKINS

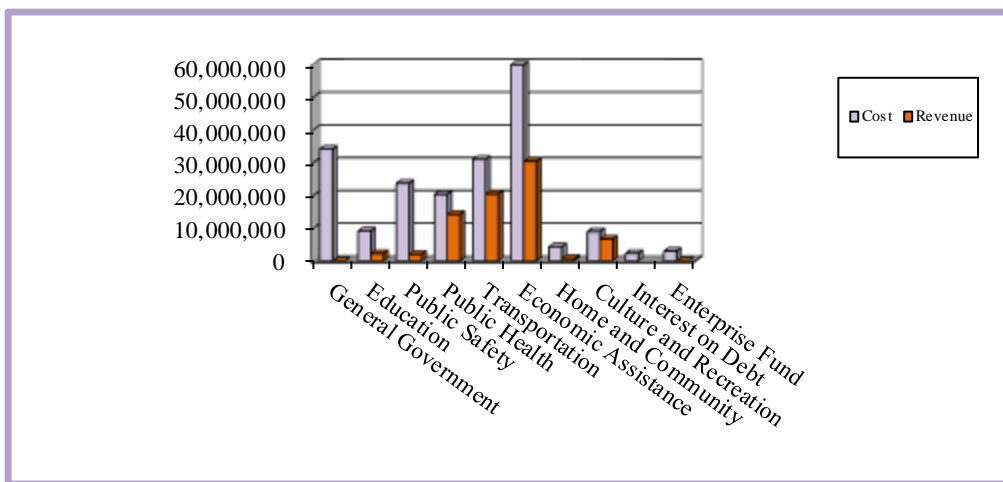
MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

The cost of all Governmental Activities this year was \$193,532,106. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through County property and other tax revenues was \$111,007,974, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the County's governmental program revenues were \$82,524,132. The County paid for the remaining "public benefit" portion of Governmental Activities with \$107,872,484 in taxes and with other revenues, such as interest and general entitlements.

A comparison of program expenses, outlined in Figure 2, highlights the following: general government, transportation, economic assistance and opportunity, home and community services, and interest on debt activities reflected a decrease, while education, public safety, public health, and culture and recreation program expenses increased. Overall, program expenses of the County's Governmental Activities increased \$5,230,590, which is slightly less than 3% over the prior year.

The total cost versus revenue generated by activities for the County's largest programs is presented below. The difference between the cost and revenue shows the relative financial burden placed on the County's taxpayers by each of these functions.

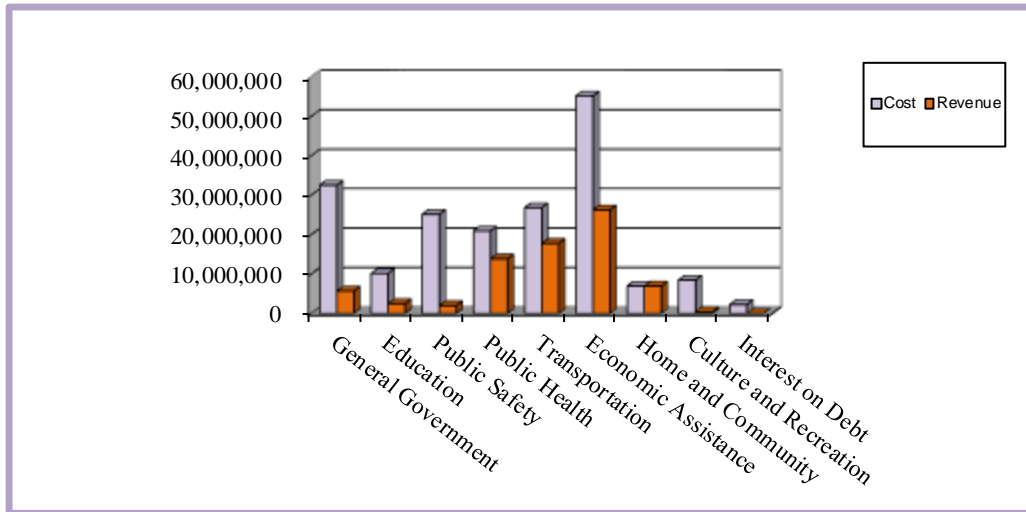
**Figure 5 - Net Program Cost
Governmental Activities
2018**



COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

**Figure 6 - Net Program Cost
Governmental Activities
2017**



BUSINESS-TYPE ACTIVITIES

The County transferred capital assets related to the Tompkins Center for History and Culture facility from governmental activities to business-type activities effective January 1, 2018. Figures 7 and 8 report the net position and changes in net position of the business-type activities.

**Figure 7
Net Position**

	Business-type Activities
	2018
<i>Capital Assets, Net</i>	\$ 3,311,673
Total Assets	3,311,673
<i>Current Liabilities</i>	326,974
Total Liabilities	326,974
<i>Net Investment in Capital Assets</i>	3,311,673
<i>Unrestricted</i>	(326,974)
Total Net Position	\$ 2,984,699

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

*Figure 8
Changes in Net Position*

	<i>Business-Type Activities</i>	
	2018	
REVENUES		
<i>Transfers</i>	\$	3,000,000
Total Revenues		3,000,000
PROGRAM EXPENSES		
<i>Culture and Recreation</i>		15,301
Total Expenses		15,301
CHANGE IN NET POSITION	\$	2,984,699

THE COUNTY'S FUNDS

At December 31, 2018, the County's Governmental Funds, as presented in the balance sheets on pages 7-7a, reported an increase of 2.7% in the combined fund balance from the prior year. Of this amount, \$3,303,711 was nonspendable, \$9,253,068 was restricted, \$4,074,916 was committed, and \$18,078,659 was assigned, leaving \$41,384,887 in unassigned fund balance. Figure 9 shows the changes in fund balance for the County's Governmental Funds.

*Figure 9 - Governmental Funds
Fund Balance at Years Ended*

	2017	2018	Dollar Change
<i>Major Funds</i>			
<i>General Fund</i>	\$ 44,886,063	\$ 49,665,771	\$ 4,779,708
<i>County Road Fund</i>	2,278,782	1,818,976	(459,806)
<i>Transportation (Airport) Fund</i>	674,184	862,850	188,666
<i>Solid Waste Fund</i>	2,971,422	2,011,801	(959,621)
<i>Special Grant Fund</i>	1,400,092	1,296,865	(103,227)
<i>Capital Projects Funds - Transportation</i>	5,290,717	3,832,409	(1,458,308)
<i>Capital Projects Funds - General Government</i>	10,154,124	8,349,806	(1,804,318)
<i>Debt Service Fund</i>	1,535,803	2,213,736	677,933
<i>Non-Major Funds</i>			
<i>Road Machinery Fund</i>	1,016,341	639,492	(376,849)
<i>Capital Funds</i>	2,566,734	4,080,467	1,513,733
<i>TTASC Debt Service Fund</i>	1,319,614	1,323,068	3,454
Totals	\$ 74,093,876	\$ 76,095,241	\$ 2,001,365

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

General Fund Budgetary Highlights

Over the course of the year, the County Legislature revised the County budget several times. These budget amendments consist of budget transfers between functions, which did not increase the overall budget. In addition to these transfers, the County Legislature increased the overall budget to provide for unspent appropriations from the previous year (encumbrances) and various grants where the majority of the funding came from federal and state sources.

**Figure 10 - Budgetary Comparison Schedule - General Fund
December 31, 2018**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual w/Encumbrances</i>	<i>Variance Fav.(Unfav.)</i>
REVENUES				
<i>Real Property Taxes and Tax Items</i>	\$ 51,355,873	\$ 51,355,873	\$ 47,690,178	\$ (3,665,695)
<i>Nonproperty Tax Items</i>	51,490,959	53,516,178	59,947,003	6,430,825
<i>Departmental Income</i>	8,873,755	9,078,562	10,178,004	1,099,442
<i>Fines and Forfeitures</i>	259,000	259,000	150,698	(108,302)
<i>Use of Money and Property</i>	489,610	522,010	653,704	131,694
<i>Miscellaneous Local Sources</i>	2,014,587	1,936,347	1,047,282	(889,065)
<i>Sale of Property and Compensation for Loss</i>	696,000	732,638	656,002	(76,636)
<i>State Sources</i>	29,983,236	35,075,565	33,634,913	(1,440,652)
<i>Federal Sources</i>	18,173,903	19,131,337	18,167,207	(964,130)
<i>Other</i>	487,808	584,347	1,570,390	986,043
Total Revenues and Other Financing Sources	\$ 163,824,731	\$ 172,191,857	\$ 173,695,381	\$ 1,503,524
Appropriated Fund Balances	\$ 526,558	\$ 3,838,283	\$ -	\$ -
EXPENDITURES				
<i>General Government</i>	\$ 32,379,928	\$ 33,316,308	\$ 32,387,111	\$ 929,197
<i>Education</i>	9,303,382	9,389,832	9,127,065	262,767
<i>Public Safety</i>	19,500,271	19,415,649	19,200,899	214,750
<i>Public Health</i>	19,523,065	20,408,206	18,624,349	1,783,857
<i>Transportation</i>	10,353,722	12,221,981	11,963,047	258,934
<i>Economic Assistance and Opportunity</i>	53,602,233	58,502,737	56,995,208	1,507,529
<i>Culture and Recreation</i>	5,797,400	5,825,377	5,745,457	79,920
<i>Home and Community Services</i>	2,067,893	2,523,568	2,094,515	429,053
<i>Employee Benefits</i>	91,252	1,085,567	994,315	91,252
<i>Other Financing Uses</i>	11,732,143	13,340,915	13,097,413	243,502
Total Expenditures and Other Financing Uses	\$ 164,351,289	\$ 176,030,140	\$ 170,229,379	\$ 5,800,761
<i>Excess of Revenues and Other Financing Uses</i>	\$ -	\$ -	\$ 3,466,002	\$ 7,304,285

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of December 31, 2018, the County had capital assets with a historical cost \$383,382,926, and accumulated depreciation of \$193,934,069, invested in a broad range of capital assets, including buildings, machinery and equipment, roads and bridges. This amount represents a net decrease (including additions, disposals and depreciation) of \$462,906 over the prior year.

Figure 11 - Capital Assets, Net of Depreciation

	<i>Governmental Activities</i>		<i>Percent Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Land</i>	\$ 7,518,613	\$ 7,530,638	0.16%
<i>Construction in Progress</i>	9,152,493	10,921,368	19.33%
<i>Buildings and Improvements</i>	40,778,386	39,866,351	(2.24)%
<i>Equipment</i>	11,028,781	11,147,325	1.07%
<i>Infrastructure</i>	121,433,490	119,983,175	(1.19)%
<i>Totals</i>	\$ 189,911,763	\$ 189,448,857	(0.24)%

Land and Construction in Progress	\$ 7,736,745
Buildings and Building Improvements	244,219
Machinery and Equipment	1,706,993
Infrastructure	2,783,721
Total Additions	12,471,678
Less Net Book Value of Disposals	(87,023)
Less Reclassification to Enterprise Fund	(63,000)
Less Depreciation Expense	(12,784,561)
Change in Capital Assets, Net of Accumulated Depreciation	\$ (462,906)

At the end of December 31, 2018, the County's Business-type Activities reported capital assets related to the purchase and renovation of the Tompkins Center for History and Culture Facility.

Figure 12 - Capital Assets, Net of Depreciation

	<i>Business-type Activities</i>
	<i>2018</i>
<i>Construction in Progress</i>	\$ 3,311,673
<i>Totals</i>	\$ 3,311,673

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Debt Administration

Of the total indebtedness of the County, \$50,596,466 was subject to the constitutional debt limit and represented approximately 9.99% of the County's statutory debt limit. Tobacco settlement pass-through bonds are debt of the Tompkins Tobacco Asset Securitization Corporation (TTASC), under which 50% of the County's future tobacco settlement proceeds were securitized. The County is not responsible for this debt in the event TTASC were to default on repayment of these bonds.

Figure 13 - Outstanding Debt at Years Ended

	<i>Governmental Activities</i>		<i>Dollar Change</i>
	<i>2017</i>	<i>2018</i>	<i>2017 - 2018</i>
<i>Serial Bonds</i>	\$ 49,679,232	\$ 46,447,337	\$ (3,231,895)
<i>Bond Anticipation Notes Payable</i>	5,493,000	5,174,000	(319,000)
<i>Installment Purchase Debt</i>	992,921	702,466	(290,455)
<i>Tobacco Settlement Pass-through Bonds</i>	12,753,840	13,104,532	350,692
<i>Totals</i>	\$ 68,918,993	\$ 65,428,335	\$ (3,490,658)

The County continues to maintain excellent financial credit as reflected by a Moody's bond rating of Aa1 on its 2017 and 2018 Bonds. More detailed information about the County's long-term liabilities is presented in Note 10 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Tompkins County is benefiting from a growing tax base, particularly within the City of Ithaca, and is continuing to see monthly employment numbers that are at, or near, record levels. The County's unemployment rate as of this writing is 3.4%, compared to 3.9% at this time last year, ranking us the second lowest in New York State; this compares favorably to the state's current unemployment rate of 4.6%. Importantly, the economy of the central city is robust, with significant taxable development occurring in Ithaca's central business district.

Approximately \$400 million in development, all taxable, has been recently completed, is currently underway, or is expected to begin within the next two years, including:

- 3 hotel projects totaling about 400 rooms, including a new \$32 million Marriott Hotel, located on the newly-refurbished downtown Ithaca Commons. The Marriott project opened in December 2016. A \$15 million comprehensive redevelopment of the existing Hotel Ithaca (formerly Holiday Inn) was completed in 2017 and a \$24 million Boutique Hilton Canopy Hotel began construction in the fall of 2017, with an opening date of fall 2019. Construction has been completed at the Holiday Inn Express on Elmira Road in the City of Ithaca and another hotel has been announced for the Town of Ithaca on Elmira Road.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

- Several major residential projects that will add approximately 2,000 new units of housing, mostly within the central core of the City of Ithaca and the Town of Lansing. Additionally Cornell University recently reaffirmed their position to add 2,000 new bedrooms to house all freshman and sophomores on campus.
- A new \$30 million, 7-story headquarters building in downtown Ithaca for Tompkins Trust Company was completed in May 2018. The building retains 300 Trust Company employees downtown.
- Construction is underway on the \$43 million, 12-story, 126,000 square foot Harold's Square in the heart of the Ithaca Commons. The project will bring 12,780 square feet of retail space, 16,000 square feet of office space, and 108 apartments ranging from studios to two-bedroom units. The project will be completed in 2020.
- Construction is underway on the 218,211 square foot City Centre project on the east end of the Ithaca Commons. The \$52 million project is an 8-story mixed use building with 192 market rate apartments and ground floor retail. The project will be completed in 2019.
- The former Tompkins County Library building in downtown Ithaca will be replaced by a four-story, 66-unit residential development that will begin construction in spring 2019. The building will also include community space and a 26-30 car parking garage.
- The Continuing Care Retirement Community, Kendal at Ithaca, has completed the first phase of construction of a \$30 million expansion, increasing the number of community residences to 250. Internal renovations will be completed over the next year. Conifer has completed construction of a new Senior Housing facility located near the Hospital which will total 68 units and 102 bedrooms.
- Therm, Incorporated completed a 30,000 square foot expansion to its manufacturing facility in early 2017.
- Cargill, Incorporated will initiate a \$45 million project to construct a new mine shaft that will provide emergency access and improved ventilation, increasing the useful life of the salt mine in the Town of Lansing for another 30 years. Construction will begin in June of 2018.
- Ithaca Beer Company completed a \$5 million expansion of its manufacturing facility in June of 2016. The new facility grew capacity from 40,000 to 90,000 barrels per year.
- The William George Agency has added a 14-bed residential treatment facility that was completed in 2017.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

In addition to these private sector undertakings, Cornell University continues to make substantial investments on its campus that contribute to its status as one of the world's leading institutions of higher learning and also to its economic impact to the County.

- Construction of the \$61 million Klarman Hall, which houses the University's Arts and Sciences programs, was recently completed.
- The University, in conjunction with a private developer, has moved their Executive MBA program off campus to the heart of Collegetown into a new, state-of-the-art \$39 million building that will remain on the tax rolls for 50 years. This project was completed in the fall of 2017.
- The University, in conjunction with a private developer, demolished over 500 beds of graduate housing that was tax exempt in order to build over 800 beds of graduate housing that will be fully taxable when completed in the summer/fall of 2018.

Major announcements since January 2018:

- Greenstar Co-op Market announced its relocation and expansion, consolidating from three buildings into one, 35,000 square foot building that is being renovated for their use. This is a \$14 million project that should be completed in 2019.
- Organic Waterfront has announced the redevelopment of the Johnson Boatyard on the inlet. The mixed-use development will include medical office buildings, as many as 250 housing units, and various public amenities.

In the years following the 2008-09 Recession, the County has stabilized its finances and has been able to sustain critical services with modest increases in the local property tax rate. The County has kept its workforce 3.6% smaller than its peak in fiscal year 2009 and negotiated restrained wage growth with nearly all its labor unions. The 2019-budgeted salary base is \$44.9 million, as compared to the 2018-budgeted salary base of \$43.2 million. The 2019 budget included funds for restrained 2019 wage growth. 3.31 positions (FTEs) were deleted from the County roster in 2019.

Like all counties in New York State, Tompkins has been affected by the rising cost of State-mandated programs. However, the budgeted local dollar cost of State-mandated human service programs has declined from \$22.6 million in 2013 to \$21.1 million in 2019 as human services caseloads declined following a surge in dependence on public services during the Recession, State funding remained stable, and Medicaid savings associated with the introduction of the Affordable Care Act were shared by the State with the counties. It should be noted if the federal government ultimately enacts changes to the Affordable Care Act that impact Medicaid or chooses in some other fashion to convert its 53-year Medicaid partnership to a fixed-dollar block grant to States, it is possible that New York State will shift a portion of the resulting burden to counties.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Fringe benefit costs, which consist primarily of health insurance and pension expenses, are traditionally a source of significant volatility in local government budgets. In 2019, benefit costs are expected to rise by a relatively constrained 2.75%, or \$587,005, bringing the total cost of employee and retiree benefits to \$21.9 million.

The County continues to reap the benefits of participation in the highly successful Greater Tompkins County Municipal Health Insurance Consortium, which advised its municipal members that premiums would rise by a moderate 5% in 2019. The growth in health costs has been mitigated by savings from the introduction of the Consortium's Platinum-level coverage in 2015, which is the plan now offered to all new County employees. All told, health costs are up by 2.7% to \$11.2 million in 2019.

Pension rates that soared immediately after the 2008-09 Recession peaked at 20.9% in 2013 and then declined every year thereafter to the current rate of 14.6%. After four years of sharp increases, the County's pension contribution rate decreased from 20.9% of payroll in 2013 to 20.1% in 2014 to 18.2% in 2015 to 15.5% in 2016 to 15.3% in 2017 to 14.9% in 2018, and is projected to decrease to 14.6% in 2019. The retirement cost in dollars shows an increase of \$27,247 in 2019 (budget to budget), due to the larger salary base.

The 2019 County Budget was subject to a Tax Levy Limitation Law that restricts the growth of the property tax levy to 9.89%. The adopted 1.54% tax levy increase is below the projected 9.89% State-imposed property tax cap. The \$187.5 million adopted budget, which included \$90.6 million in local dollar spending, increases the County tax levy by 1.54% and decreases the countywide average tax rate by approximately 2.6% from \$6.58 to \$6.41 per thousand, and the tax bill for the owner of a median-value \$185,000 county home rose by \$14.63.

The 2019 total tax levy of \$43.6 million (after applying sales tax credits and omitted taxes as offsets to the County levy in several towns, and after adding in election chargebacks) reflects a decrease of \$2,161,021, or (4.7%), from the 2018 total tax levy of \$45.8 million (after applying sales tax credits and omitted taxes as offsets to the County levy in several towns, and after adding in election chargebacks). Property valuations and tax collections remain stable. Taxable values saw robust growth, rising from \$7,472,945,446 to \$7,779,114,682, or 4.1%.

COUNTY OF TOMPKINS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

The 2019 budget reflects modest reliance on General Fund Balance to support operations of \$2,422,242. It also reflects the use of \$2,368,000 for the renovation of the “Old Jail” facility (administration building), which is part of the adopted “Cash-for-Capital” program. This judicious use of reserves ensures the County’s Unassigned Fund Balance will be kept safely above the County’s Unassigned Fund Balance target of 10% of General Fund revenue. Sales tax receipts in 2019 were budgeted to be roughly the same as 2018’s actual sales tax receipts for the first 7 months, then flat for the remaining 5 months. The resulting budget figure for 2019 came in at 2.6% or \$972,829 lower than 2018’s actual receipts. In the 2018 budget and 2019 budget, the County was able to budget \$1.2 million in new income derived from the area’s two new casinos. Actual casino gaming receipts in 2018 were \$1,956,092. This new recurring revenue is the result of a State-negotiated revenue sharing arrangement that distributes taxes on casino revenues to counties throughout the region in which the casino is located. Our region is unique in sharing revenue from two facilities—the Tioga Downs Casino in Nichols and the Del Lago Casino in Tyre.

As of this date, labor agreements are in place with two of the four labor unions. Negotiations are currently in progress with the Correction Officers Union and the Road Patrol Union whose contracts have expired. The County, as a matter of fiscal policy, reserves funds for anticipated settlements. The adopted 2019 budget provides resources for future contracts consistent with settlements of other employee units.

The County continues to anticipate and fiscally plan for those areas outside of its control which could have a material effect on future tax levies. The most significant areas considered outside its control are mid-year funding cutbacks from state and federal government and/or unanticipated increases in mandated programs. The 2019 budget provides a Contingency Account of \$1,537,000 for such circumstances.

The County will continue to invest in infrastructure replacements. As a matter of policy, the County increases its property tax levy by 0.5% annually, and dedicates the proceeds of that increase to infrastructure investment (including debt service support.) In 2019, the County committed \$6.4 million from its tax levy to its capital program—an increase of \$245,716 over the year before. Most of these funds will be used to pay debt service on projects already authorized by the Legislature, or proposed to be authorized as a part of the 2019-23 Capital Program, a capital improvement plan that provides both a programmatic and fiscal blueprint to address essential facilities and infrastructure needs while also providing guidance on the management of debt. The County anticipates completing permanent financing on several projects during 2019, including \$3,530,000 in new bonds. It will also be necessary in 2019 to issue Bond Anticipation Notes to finance the cash flow needs of certain projects that are on a cost reimbursement basis. These Bond Anticipation Notes will be retired upon receipt of project cost reimbursements.

CONTACTING THE COUNTY’S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County’s finances and to show the County’s accountability for the money it receives. If you have questions about the report or need any additional financial information, contact Richard C. Snyder, Director of Finance, Tompkins County, 125 East Court Street, Ithaca, New York 14850.

COUNTY OF TOMPKINS

STATEMENT OF NET POSITION DECEMBER 31, 2018

	Primary Government		Component Units			
	Governmental Activities	Business-type Activities	Total	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 55,997,701	\$	\$ 55,997,701	\$ 810,621	\$ 1,058,679	\$ 422,029
Restricted Cash	4,897,411		4,897,411			425,798
Restricted Cash - TTASC	119,666		119,666			
Taxes Receivable, Net	5,251,160		5,251,160			
Accounts Receivable, Net	2,679,868		2,679,868	28,910		
Accounts Receivable - TTASC, Net	550,000		550,000			
Loans Receivable - Current Portion	147,645		147,645			
Due from State and Federal Governments	27,279,400		27,279,400			105,378
Due from Other Governments	547,240		547,240			
Securities and Mortgages	76,000		76,000			
Prepaid Expenses	3,303,711		3,303,711	69,303		7,389
Total Current Assets	100,849,802	-	100,849,802	908,834	1,058,679	960,594
Noncurrent Assets						
Restricted Cash and Cash Equivalents	3,245,046		3,245,046			
Restricted Investments - TTASC	649,852		649,852			
Loans Receivable - Long-term Portion	606,025		606,025			
Securities and Mortgages	512,360		512,360			
Equity Interest in Joint Ventures	1,490,104		1,490,104			
Capital Assets - Land and Construction in Progress	18,452,006	3,311,673	21,763,679			
Capital Assets - Depreciable, Net of Accumulated Depreciation	170,996,851		170,996,851	1,937,672		98,553
Total Noncurrent Assets	195,952,244	3,311,673	199,263,917	1,937,672	-	98,553
Total Assets	296,802,046	3,311,673	300,113,719	2,846,506	1,058,679	1,059,147
DEFERRED OUTFLOWS OF RESOURCES						
Pensions	18,148,720		18,148,720	798,036		113,022
Other Postemployment Benefits	1,238,967		1,238,967	73,363		
Deferred Charges on Defeased Debt	349,016		349,016			
Total Deferred Outflows of Resources	19,736,703	-	19,736,703	871,399	-	113,022

See Notes to Financial Statements

	Primary Government			Component Units		
	Governmental Activities	Business-type Activities	Total	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 10,077,318	\$ 481,084	\$ 10,558,402	\$ 74,459	\$	\$ 63,373
Accrued Liabilities	1,791,393		1,791,393	93,802		1,772
Internal Balances	154,110	(154,110)	-			
Bond Anticipation Notes Payable	5,174,000		5,174,000			
Interest Payable	490,159		490,159			
Due to Other Governments	5,137,519		5,137,519			223,300
Refundable Advances	1,678,370		1,678,370			425,798
Other	56,891		56,891			
Long-term Obligations Due Within One Year - County	5,543,691		5,543,691			10,196
Long-term Obligations Due Within One Year - TTASC	2,012,718		2,012,718			
Total Current Liabilities	32,116,169	326,974	32,443,143	168,261	-	724,439
Noncurrent Liabilities						
Long-term Obligations Due After One Year - County	120,878,422		120,878,422	4,577,976		
Long-term Obligations Due After One Year - TTASC	11,091,814		11,091,814			
Net Pension Liability - Proportionate Share	5,360,784		5,360,784	231,219		34,507
Total Noncurrent Liabilities	137,331,020		137,331,020	4,809,195	-	34,507
Total Liabilities	169,447,189	326,974	169,774,163	4,977,456	-	758,946
DEFERRED INFLOWS OF RESOURCES						
Pensions	17,643,890		17,643,890	761,009		148,061
Other Postemployment Benefits	8,121,861		8,121,861	480,917		
Total Deferred Inflows of Resources	25,765,751		25,765,751	1,241,926	-	148,061
NET POSITION						
Net Investment in Capital Assets	141,930,627	3,311,673	145,242,300	1,937,672		98,553
Restricted For						
Community Development	2,050,535		2,050,535			
Debt	4,121,614		4,121,614			
Public Safety	106,462		106,462			
Economic Assistance and Opportunity	351,983		351,983			
Capital Projects	349,174		349,174			
Total Restricted Net Position	6,979,768	-	6,979,768	-	-	-
Unrestricted	(27,584,586)	(326,974)	(27,911,560)	(4,439,149)	1,058,679	166,609
Total Net Position	\$ 121,325,809	\$ 2,984,699	\$ 124,310,508	\$ (2,501,477)	\$ 1,058,679	\$ 265,162

COUNTY OF TOMPKINS

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

FUNCTIONS/PROGRAMS	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General Governmental Support	\$ 34,122,962	\$ 2,892,466	\$ 2,964,196	\$
Education	9,142,232		2,264,164	
Public Safety	23,639,795	385,174	1,546,267	78,596
Health	20,311,214	5,537,351	8,677,828	
Transportation	30,958,323	3,573,331	6,183,953	10,611,043
Economic Assistance and Opportunity	59,813,446	1,948,398	28,412,925	
Culture and Recreation	4,342,450	306,903	175,056	300,000
Home and Community Services	8,927,368	6,239,944	332,462	94,075
Interest on Debt - County	1,424,335			
Interest on Debt - TASC	849,981			
Total Governmental Activities	193,532,106	20,883,567	50,556,851	11,083,714
Business-type Activities:				
Culture and Recreation	\$ 15,301	\$	\$	\$
Total Primary Government	\$ 193,547,407	\$ 20,883,567	\$ 50,556,851	\$ 11,083,714
Component Units				
Tompkins County Public Library	4,349,692	61,144	551,399	59,766
Industrial Development Agency	387,359	624,994		
Soil and Water Conservation District	1,509,944	28,333	1,163,071	
Total Component Units	\$ 6,246,995	\$ 714,471	\$ 1,714,470	\$ 59,766

Net (Expense) and Changes in Net Position

GENERAL REVENUES

Taxes:

 Property Taxes, Levied for General Purposes

 Property Tax Items

 Sales and Other Taxes

Tobacco Settlement Payments - County

Tobacco Settlement Payments - TTASC

Grants and Contributions Not Restricted to Specific Programs

Use of Money and Property

Miscellaneous

Sale of Property and Compensation for Loss

Change in Equity in Joint Ventures

Gifts and Donations

County Appropriation

Transfers

Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See Notes to Financial Statements

Net (Expense) Revenue and Changes in Net Position

Total Governmental Activities	Primary Government		Component Units		
	Business-type Activities	Total	Tompkins County Public Library	Industrial Development Agency	Soil and Water Conservation District
\$ (28,266,300)	\$	\$ (28,266,300)	\$	\$	\$
(6,878,068)		(6,878,068)			
(21,629,758)		(21,629,758)			
(6,096,035)		(6,096,035)			
(10,589,996)		(10,589,996)			
(29,452,123)		(29,452,123)			
(3,560,491)		(3,560,491)			
(2,260,887)		(2,260,887)			
(1,424,335)		(1,424,335)			
(849,981)		(849,981)			
(111,007,974)		(111,007,974)	-	-	-
	(15,301)	(15,301)			
(111,007,974)	(15,301)	(111,023,275)			
			(3,677,383)		
				237,635	
					(318,540)
-			(3,677,383)	237,635	(318,540)
(111,007,974)	(15,301)		(3,677,383)	237,635	(318,540)
45,699,505		45,699,505			
2,073,887		2,073,887			
59,947,003		59,947,003			
612,417		612,417			
552,761		552,761			
441,633		441,633			
2,129,567		2,129,567	1,827	614	919
2,174,500		2,174,500	17,346		3,835
(312,642)		(312,642)			
(2,446,147)		(2,446,147)			
			2,400		1,250
			3,559,359		352,131
(3,000,000)	3,000,000				
107,872,484	3,000,000	110,872,484	3,580,932	614	358,135
(3,135,490)	2,984,699	(150,791)	(96,451)	238,249	39,595
124,461,299	-	124,461,299	(2,405,026)	820,430	225,567
\$ 121,325,809	\$ 2,984,699	\$ 124,310,508	\$ (2,501,477)	\$ 1,058,679	\$ 265,162

COUNTY OF TOMPKINS

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
		County Road Fund	Transportation Fund
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 29,347,038	\$ 2,650,947	\$ 301,225
Cash and Cash Equivalents - Restricted	1,245,604		
Temporary Investments - Restricted			
Taxes Receivable, Net	5,251,160		
Due from Other Funds	387,532	6,068	250,000
Due from State and Federal Governments	25,232,687	52,208	189,340
Due from Other Governments	547,240		
Other Receivables, Net	1,624,763	60	436,530
Prepaid Expenses	3,299,332		663
Securities and Mortgages			
Loans Receivable			
Total Assets	\$ 66,935,356	\$ 2,709,283	\$ 1,177,758
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
Liabilities			
Accounts Payable	6,779,382	218,556	150,488
Accrued Liabilities	1,590,593	93,517	38,311
Due to Other Funds	589,921	578,234	125,680
Due to Other Governments	5,136,206		
Bond Anticipation Notes Payable			
Other Liabilities	56,891		
Unearned Revenue	1,677,941		429
Total Liabilities	15,830,934	890,307	314,908
Deferred Inflows of Resources			
Unavailable Tax Revenue	1,438,651		
Unavailable Securities and Mortgages			
Unavailable Loans			
Total Deferred Inflows of Resources	1,438,651	-	-
Fund Balances			
Nonspendable	3,299,332		663
Restricted	563,468		
Committed			
Assigned	4,418,084	1,818,976	862,187
Unassigned	41,384,887		
Total Fund Balances	49,665,771	1,818,976	862,850
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 66,935,356	\$ 2,709,283	\$ 1,177,758

See Notes to Financial Statements

Special Revenue Funds		Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
Solid Waste Fund	Special Grant Fund	Capital Projects Funds		Debt Service Fund		
		Transportation Fund	General Government Fund			
\$ 2,126,365	\$ 371,774	\$ 8,325,216	\$ 5,863,073		\$ 4,067,417	\$ 53,053,055
244,151	823,636	367,717	3,242,062	2,213,736	125,217	8,262,123
					649,852	649,852
						5,251,160
431	48,389	391,740			1,038,282	2,122,442
37,980	96,607	1,277,096	300,000		93,482	27,279,400
						547,240
195,123	328,233	56,702			550,983	3,192,394
166					3,550	3,303,711
				588,360		588,360
	753,670					753,670
\$ 2,604,216	\$ 2,422,309	\$ 10,418,471	\$ 9,405,135	\$ 2,802,096	\$ 6,528,783	\$ 105,003,407
538,892	337,926	1,647,062	46,028		268,919	9,987,253
36,742	19,660				12,570	1,791,393
16,781	12,875	250,000	524,301		204,267	2,302,059
	1,313					5,137,519
		4,689,000	485,000			5,174,000
						56,891
						1,678,370
592,415	371,774	6,586,062	1,055,329	-	485,756	26,127,485
						1,438,651
				588,360		588,360
	753,670					753,670
-	753,670	-	-	588,360	-	2,780,681
166					3,550	3,303,711
244,151	1,296,865		3,609,779	2,213,736	1,325,069	9,253,068
					4,074,916	4,074,916
1,767,484		3,832,409	4,740,027		639,492	18,078,659
						41,384,887
2,011,801	1,296,865	3,832,409	8,349,806	2,213,736	6,043,027	76,095,241
\$ 2,604,216	\$ 2,422,309	\$ 10,418,471	\$ 9,405,135	\$ 2,802,096	\$ 6,528,783	\$ 105,003,407

COUNTY OF TOMPKINS

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2018

Total Governmental Fund Balances		<u>\$ 76,095,241</u>
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Historical Cost of Capital Assets	\$ 383,382,926	
Less Accumulated Depreciation	<u>(193,934,069)</u>	<u>189,448,857</u>
The County's proportion of the collective net pension (liability) is not reported in the funds.		
		<u>(5,360,784)</u>
Equity interest in joint ventures is not reported in the Governmental Fund financial statements because it does not represent current resources. These are the investments in the County's joint ventures:		
Tompkins Cortland Community College	\$ (4,238,840)	
Tompkins Consolidated Area Transit	<u>5,728,944</u>	<u>1,490,104</u>
Certain revenues are deferred in Governmental Funds due to applying the "availability criterion" to receivables for the modified accrual basis of accounting. However, these deferred inflows of resources are considered revenue in the Statement of Activities based on use of the full accrual basis of accounting.		
		<u>2,780,681</u>
Internal Service Funds are used by management to charge the costs of certain activities, such as health and workers' compensation insurance. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Position.		
		<u>2,329,801</u>
Certain accrued expenses, such as interest on debt, reported in the Statement of Net Position, do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.		
Accrued Interest Payable		<u>(490,159)</u>
Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.		
Deferred Inflows of Resources - Pensions	\$ (17,643,890)	
Deferred Outflows of Resources - Pensions	18,148,720	
Deferred Inflows of Resources - OPEB	(8,121,861)	
Deferred Outflows of Resources - OPEB	1,238,967	
Deferred Charges on Defeased Debt	<u>349,016</u>	<u>(6,029,048)</u>
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. See Notes 10-11.		
Serial Bonds Payable	\$ (46,447,337)	
TTASC Tobacco Settlement Pass-through Bonds	(13,104,532)	
Installment Purchase Debt	(702,466)	
Other Postemployment Benefits Liability	(75,142,268)	
Compensated Absences	<u>(3,542,281)</u>	<u>(138,938,884)</u>
Net Position of Governmental Activities		<u><u>\$ 121,325,809</u></u>

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Major Funds		
	General Fund	Special Revenue Funds	
	County Road Fund	Transportation Fund	
REVENUES			
Real Property Taxes	\$ 45,616,291	\$	\$
Real Property Tax Items	2,073,887		
Nonproperty Tax Items	59,947,003		
Departmental Income	10,178,004		1,515,151
Intergovernmental Charges	1,065,441		109,281
Use of Money and Property	653,704	3,006	1,651,987
Licenses and Permits	8,089	7,382	
Fines and Forfeitures	150,698		
Sale of Property and Compensation for Loss	656,002	18,320	38,790
Miscellaneous Local Sources	1,047,282	60	41,328
Interfund Revenues	496,860		
State Sources	33,634,913	2,776,097	15,411
Federal Sources	18,167,207		
Total Revenues	173,695,381	2,804,865	3,371,948
EXPENDITURES			
General Governmental Support	32,094,738		
Education	9,127,065		
Public Safety	19,095,538	194,543	
Health	18,432,701		
Transportation	11,884,799	6,508,997	2,689,358
Economic Assistance and Opportunity	56,450,359		
Culture and Recreation	5,743,005		
Home and Community Services	1,995,740		
Employee Benefits	994,315	773,368	418,574
Debt Service (Principal and Interest)			
Capital Outlay			
Total Expenditures	155,818,260	7,476,908	3,107,932
Excess of Revenues (Expenditures)	17,877,121	(4,672,043)	264,016
OTHER FINANCING SOURCES (USES)			
Interfund Transfers in		4,936,912	
Interfund Transfers (out)	(13,097,413)	(724,675)	(75,350)
Proceeds of Obligations			
Premium on Obligations			
Total Other Financing Sources (Uses)	(13,097,413)	4,212,237	(75,350)
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	4,779,708	(459,806)	188,666
Fund Balances, Beginning of Year	44,886,063	2,278,782	674,184
Fund Balances, End of Year	\$ 49,665,771	\$ 1,818,976	\$ 862,850

See Notes to Financial Statements

Special Revenue Funds		Major Funds			Total Non-Major Governmental Funds	Total Governmental Funds
Solid Waste Fund	Special Grant Fund	Capital Projects Funds Transportation Fund	General Government Fund	Debt Service Fund		
\$	\$	\$	\$	\$	\$	\$ 45,616,291
						2,073,887
						59,947,003
5,259,841	202,601					17,155,597
				517,196		1,691,918
3,384		24,271	12,963	408,139	18,780	2,776,234
						15,471
						150,698
316,734					16,206	1,046,052
3,752	381,814	1,134,519	64,370	301,008	654,001	3,628,134
	43,008				1,605,724	2,145,592
103,747		1,104,246	300,000		99,075	38,033,489
	1,056,860	1,762,400			2,091,579	23,078,046
5,687,458	1,684,283	4,025,436	377,333	1,226,343	4,485,365	197,358,412
				1,415	63,407	32,159,560
						9,127,065
						19,290,081
						18,432,701
					1,868,545	22,951,699
	1,347,284					57,797,643
						5,743,005
5,535,368	702,293					8,233,401
351,883					131,956	2,670,096
				6,651,990	500,339	7,152,329
		7,212,811	524,780		2,796,513	10,534,104
5,887,251	2,049,577	7,212,811	524,780	6,653,405	5,360,760	194,091,684
(199,793)	(365,294)	(3,187,375)	(147,447)	(5,427,062)	(875,395)	3,266,728
	262,067	766,415	980,129	6,058,358	2,015,733	15,019,614
(759,828)		(562,348)	(2,937,000)			(18,156,614)
		1,525,000	300,000			1,825,000
				46,637		46,637
(759,828)	262,067	1,729,067	(1,656,871)	6,104,995	2,015,733	(1,265,363)
(959,621)	(103,227)	(1,458,308)	(1,804,318)	677,933	1,140,338	2,001,365
2,971,422	1,400,092	5,290,717	10,154,124	1,535,803	4,902,689	74,093,876
\$ 2,011,801	\$ 1,296,865	\$ 3,832,409	\$ 8,349,806	\$ 2,213,736	\$ 6,043,027	\$ 76,095,241

COUNTY OF TOMPKINS

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2018

Net Change in Fund Balances - Total Governmental Funds \$ 2,001,365

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and net book value of disposed assets.

Capital Outlay	\$ 12,471,678	
Net Book Value of Disposed Assets	(87,023)	
Disposition of Asset Held for Resale	(654,085)	
Transfer to Enterprise Fund	(63,000)	
Depreciation Expense	<u>(12,784,561)</u>	<u>(1,116,991)</u>

Equity interests in joint ventures are not reported in the Governmental Fund financial statements because they do not represent current resources. This is the change in the County's interest in joint ventures. (2,446,147)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This is the change in certain deferred inflows of resources. (418,722)

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. 3,375,455

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. Changes in these expenses include the following.

Compensated Absences	\$ 90,079	
Other Postemployment Benefits Liability	(3,945,127)	
Accrued Interest Payable	(32,439)	
Accreted Interest on Series 2005 TTASC Bonds	(541,740)	
Amortization of Bond Premiums, Discounts, and Deferred Charges on Defeased Debt	<u>251,737</u>	<u>(4,177,490)</u>

Cash outflows from the issuance of loans to qualified recipients under revolving loan programs are recorded as expenditures, whereas loan repayments and payments on long-term receivables are recorded as revenue in the Governmental Fund financial statements. In the Government-wide financial statements, these transactions affect only cash and loans receivable and are not recorded in the Statement of Activities. (98,530)

Changes in the County's proportionate share of net pension liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the County's deferred outflows of resources and deferred inflows of resources related to pensions do not effect current financial resources and are also not reported in the Governmental Funds.

ERS (231,812)

Internal Service Funds are used by management to charge the costs of certain activities, such as workers compensation and insurance, to individual funds. Net gain in the Internal Service Fund is reported with Governmental Activities. (22,618)

Change in Net Position of Governmental Activities \$ (3,135,490)

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2018

	Business-type Activities	Governmental Activities
	Enterprise Fund	Internal Service Funds
ASSETS		
Cash and Cash Equivalents	\$	\$ 2,944,646
Accounts Receivable, Net		37,474
Due from Other Funds		25,507
Due from Governmental Funds	169,411	
Total Current Assets	169,411	3,007,627
Noncurrent Assets		
Construction In Progress	3,311,673	
Total Noncurrent Assets	3,311,673	-
Total Assets	3,481,084	3,007,627
LIABILITIES		
Accounts Payable	481,084	90,065
Benefits and Awards Payable		587,761
Due to Governmental Funds	15,301	
Total Current Liabilities	496,385	677,826
Total Liabilities	496,385	677,826
NET POSITION		
Total Net Position	\$ 2,984,699	\$ 2,329,801

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
OPERATING REVENUES		
Charges for Services - Governmental Funds	\$	\$ 650,507
Charges for Services - External Participants		28,913
Other Operating Revenues		15,912
Total Operating Revenues		695,332
OPERATING EXPENSES		
Administrative		229,862
Contractual		25,507
Benefits and Awards		172,932
Claims and Judgments		494,893
Culture and Recreation	15,301	
Total Operating Expenses	15,301	923,194
Loss from Operations	(15,301)	(227,862)
NONOPERATING REVENUES (EXPENSES)		
Interest Income		5,244
Total Nonoperating Revenues		5,244
Net Gain Before Transfers	(15,301)	(222,618)
Interfund Transfer In	3,000,000	200,000
Change in Net Position	2,984,699	(22,618)
Total Net Position, Beginning of Year	-	2,352,419
Total Net Position, End of Year	\$ 2,984,699	\$ 2,329,801

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPES FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities Enterprise Fund	Governmental Activities Internal Service Funds
Cash Flows from Operating Activities		
Cash Received from Providing Services	\$	\$ 668,641
Cash Received from Insurance Recoveries		15,912
Cash Received from Interfund Transfer		410,352
Cash Payments - Suppliers		(247,597)
Cash Payments - Claims and Benefits		(1,183,961)
Net Cash Provided (Used) by Operating Activities		(336,653)
Cash Flows from Non-Capital Financing Activities		-
Cash Flows from Capital and Related Financing Activities		-
Cash Flows from Investing Activities		
Interest Income Received		5,244
Net Cash Provided (Used) by Investing Activities		5,244
Net Change in Cash and Cash Equivalents		(331,409)
Cash and Cash Equivalents, January 1,		3,276,055
Cash and Cash Equivalents, December 31,	\$ -	\$ 2,944,646
Reconciliation of Gain of Income from Operations to Net Cash Provided by Operating Activities		
Gain (Loss) from Operations	(15,301)	(227,862)
(Increase) Decrease in Interfund Receivable	(154,110)	210,352
(Increase) Decrease in Other Receivables		(10,779)
(Increase) Decrease in Construction in Progress	(311,673)	
Increase (Decrease) in Accounts Payable	481,084	7,772
Increase (Decrease) in Accrued Liabilities		(516,136)
Net Cash (Used) by Operating Activities	\$ -	\$ (536,653)

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2018

	Private Purpose Trust Fund	Agency Fund
	<hr/>	<hr/>
ASSETS		
Cash and Cash Equivalents - Unrestricted	\$ 14,802	\$ 6,097,158
Accounts Receivable		136,178
	<hr/>	<hr/>
Total Assets	14,802	\$ 6,233,336
	<hr/>	<hr/>
LIABILITIES		
Agency Liabilities		\$ 6,233,336
	<hr/>	<hr/>
Total Liabilities	-	\$ 6,233,336
	<hr/>	<hr/>
NET POSITION		
Held in Trust for Memorials	14,802	
	<hr/>	
Total Net Position	\$ 14,802	
	<hr/>	

See Notes to Financial Statements

COUNTY OF TOMPKINS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FIDUCIARY FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Private Purpose Trust Fund
ADDITIONS	
Investment Earnings	\$ 17
Total Additions	<u>17</u>
DEDUCTIONS	
Total Deductions	<u>-</u>
Change in Net Position	<u>17</u>
Net Position - Beginning of Year	<u>14,785</u>
Net Position - End of Year	<u><u>\$ 14,802</u></u>

See Notes to Financial Statements

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies**

The financial statements of the County of Tompkins (the County) have been prepared in conformity with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the County's accounting policies are described below.

Reporting Entity

The County, which was incorporated in 1817, is governed by its Charter, Administrative Code, the County Law, other general laws of the State of New York, and various local laws. The County Legislature is the legislative body responsible for overall operations; the County Administrator serves as Chief Executive Officer and Budget Officer, and the Finance Director serves as Chief Fiscal Officer.

The County provides the following basic services: general governmental support, education, public safety, health, transportation, economic assistance and opportunity, culture and recreation, public improvements, planning and zoning, and home and community services.

All Governmental Activities and functions performed by the County are its direct responsibility. No other governmental organizations have been included or excluded from the reporting entity.

The financial reporting entity consists of (a) the primary government which is the County, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The decision to include a potential component unit in the County's reporting entity is based on several criteria set forth in GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and GASB Statement No. 85, "Omnibus 2017." Based on the application of these criteria, the following are included as component units:

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Blended Component Unit

Tompkins Tobacco Asset Securitization Corporation - During 2000, in accordance with the laws of New York State and the securitization of 50% of its future tobacco settlement proceeds, the Tompkins Tobacco Asset Securitization Corporation (TTASC) was established. TTASC is one of 17 New York County TASC's in the New York Counties Tobacco Trust I, organized as not-for-profit local development corporations who purchased the rights to the tobacco settlement proceeds from each respective county. The TASC's, in turn, pledged and assigned all of their rights as security and as a source of payment to the New York Counties Tobacco Trust I, who issued in aggregate \$227,130,000 of Tobacco Settlement Pass Through Bonds. The proceeds from securitizing 50% of its future proceeds amounted to \$7,070,234 and were recognized in the 2000 financial statements of the County. During 2005, the TASC was able to restructure pledged revenues in order to raise additional revenues.

Participation in New York Counties' Tobacco Trust V resulted in \$3,659,502 of proceeds distributed to the County for capital improvements. TTASC is deemed to be a blended component unit of the County and is reported as a Debt Service Fund. Complete financial statements can be obtained from the Tompkins County Director of Finance located at 125 Court Street, Ithaca, New York 14850.

Discretely Presented Component Units

Tompkins County Public Library (the Library) - Established in 1968 by the Tompkins County Board of Supervisors and granted a charter by the State Board of Regents as provided in Article 5 of the Education Law. The Tompkins County Legislature appoints trustees; raises taxes for library purposes; has title to real property used by the library; and issues all library indebtedness which is supported by the full faith and credit of the County of Tompkins. The library is a discretely presented component unit of the County. Complete financial statements can be obtained from their administrative office at 101 East Green Street, Ithaca, New York 14850.

Tompkins County Industrial Development Agency (TCIDA) - A Public Benefit Corporation created by State Legislation to promote the economic welfare, recreational opportunities, and prosperity of Tompkins County residents. Members of TCIDA are appointed by the County but the County exercises no oversight responsibility. TCIDA members have complete responsibility for management of the agency and accountability for fiscal matters. The County is not liable for TCIDA bonds or notes.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Discretely Presented Component Units - Continued

Tompkins County Development Corporation (Corporation) - Similar to the Tompkins County Industrial Development Agency, the Corporation was formed for the purpose of encouraging economic growth in Tompkins County during 2010. Because New York State has legislated that industrial development agencies can no longer serve not for profit entities, the Corporation will serve that segment of the economy in Tompkins County. The Corporation is deemed to be a component unit of TCIDA.

TCIDA is a discretely presented component unit of the County. Complete financial statements can be obtained from the Tompkins County Industrial Development Agency, 401 East State Street, Suite 402B, Ithaca, New York 14850.

Tompkins County Soil and Water Conservation District (the District) - Established under provisions of Article 3, Section 30 of the General Municipal Law to provide for the conservation of soil and water resources. Members of the District's Board of Directors are appointed by the County Legislature and the County provides 76.1% of the District's General Fund operational revenue. The District is a discretely presented component unit of the County. Complete financial statements can be obtained from their administrative office at 170 Bostwick Road, Ithaca, New York 14850.

Joint Ventures

The following organizations are related to the County of Tompkins, and are included in the reporting entity as equity interest in joint ventures:

Tompkins Cortland Community College (the College) was established in 1965 by joint action of the Legislative Boards of Tompkins and Cortland Counties as joint local sponsors under provisions of Article 126 of the Education Law. The College is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the Legislative Boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor. The College's annual operating and capital budget is subject to approval by both County Boards and, in addition, the counties provide one-half of capital costs and one-third of operating costs for the College. Ownership of existing capital facilities is held in the ratio of 68% and 32% by the Counties of Tompkins and Cortland, respectively. Subsidies to meet operational expenses are shared in the ratio of resident students in attendance. Tompkins Cortland Community College is an activity undertaken jointly with the County of Cortland and accordingly, the proportionate share of the College's equity is reported as an asset on the County's Statement of Net Position. See Note 14 for additional disclosures regarding this joint venture.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Ventures - Continued

Tompkins Consolidated Area Transit (TCAT) was formed under a consolidation agreement between the City of Ithaca, the County of Tompkins, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board and interest of each party was not changed. TCAT is governed by a Board of Directors consisting of nine voting members with three members being appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members. Interest of each party in surpluses, losses, property, and debt acquired by TCAT shall be shared equally. Each party makes an annual contribution of equal amounts to the venture. See Note 14 for additional disclosures regarding this joint venture.

Basic Financial Statements

The County's basic financial statements include both Government-wide (reporting the County as a whole) and Governmental Fund financial statements (reporting the County's Major Funds.) Both the Government-wide and Governmental Fund financial statements categorize primary activities as either Governmental or Proprietary. The County's general governmental support, education, public safety, health, transportation, highways and streets, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities. Services relating to self-insurance and workers' compensation administration are presented in the Proprietary Activities.

Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental and Business-type) and for the County's discretely presented component units.

Government-wide financial statements do not include the activities reported in the Fiduciary Funds or fiduciary component units. This Government-wide financial statements focus is more on the sustainability of the County as an entity and the change in the County's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities are presented on a consolidated basis in one column, and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The County's net position is reported in three parts - net investment in capital assets, restricted, and unrestricted. The County first utilizes restricted resources to finance qualifying activities.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

The Statement of Activities reports both the gross and net cost for each of the County's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the prepared or capital requirements of a particular program. Depreciation on assets that are shared by essentially all of the County's programs has been reported in General Government Support. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the County.

The County does not allocate indirect costs. Indirect costs are reported in the function entitled "General Government."

Governmental Fund Financial Statements

The financial transactions of the County are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, reserves, fund equity, revenues, and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The County records its transactions in the fund types described below:

Governmental Funds are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position. The following are the County's Governmental Funds:

Major Funds

- **General Fund** - Principal operating fund, includes all operations not required to be recorded in other funds.
- **Special Revenue Funds**
 - County Road Fund - Accounts for expenditures for highway purposes authorized by Section 114 of the Highway Law.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Major Funds - Special Revenue Funds - Continued

- Transportation Fund - Accounts for the operations of the County-owned airport.
- Solid Waste Fund - Accounts for County solid waste activities.
- Special Grant Fund - Accounts for Community Development Block Grants and funds received under the Workforce Innovation and Opportunity Act (Enacted July 22, 2014).
- Capital Projects Funds - Account for and report financial resources to be used for the acquisition, construction, or renovation of major capital transportation facilities, equipment or transportation system as well as general government funds, which are used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.
- Debt Service Fund - Accounts for current payments of principal and interest on general obligation long-term debt (and for financial resources accumulated in a reserve for payment of future principal and interest on long-term indebtedness).

Non-Major Funds

- Special Revenue Fund
 - Road Machinery Fund - Accounts for the purchase, repair, maintenance, and storage of highway machinery, tools, and equipment pursuant to Section 133 of the Highway Law.
- Capital Projects Funds - Consist of home and community services, public safety, education, TCAT, and public health funds, which are used to account for and report financial resources to be used for the acquisition, construction, or renovation of major capital facilities or equipment.
- Debt Service Fund - TTASC Fund - Accounts for accumulation of resources from tobacco settlement payments and for payment of principal and interest on Tobacco Settlement Pass through Bonds.

Proprietary Funds

Proprietary Funds are used to account for ongoing organizations or activities which are similar to those often found in the private sector. Measurement focus is upon determination of net income, financial position, and changes in financial position. The following Proprietary Funds are utilized:

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Proprietary Funds - Continued

- Internal Service Funds - Accounts for the accumulation of resources for payment of unemployment insurance as authorized by Section 6M of the General Municipal Law and to account for the accumulation of resources for payment of compensation, assessments, and other obligations under Workers' Compensation Law, Article 5, and accumulation of resources for payment of self-insured risks as authorized by Section 6N of the General Municipal Law.
- Enterprise Fund - Business-type activities funds which account for services provided to residents where the charges are expected to cover all costs of operations. The County uses enterprise funds to account for the Tompkins Center for History & Culture Facility on Tioga Street.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by the local government in a trustee or custodial capacity. The following fiduciary funds are utilized:

- Agency Fund - Accounts for money and/or property received and held in the capacity of trustee, custodian or agent.
- Private Purpose Trust Fund - Reports all trust arrangements under which principal and income benefit individuals, private organizations, or other governments. The County uses this fund to report funds provided for cemetery maintenance.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures/expenses and the related assets, deferred outflows of resources, liabilities, and deferred inflows of resources are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

Accrual Basis

The Government-wide financial statements and the Proprietary and Fiduciary Fund financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Modified Accrual Basis

Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges.

The County considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within six months after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made, all other grant requirements have been met, and the resources are available.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when received. Exceptions to this general rule are that 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Equity Classifications - Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of net resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

The County complies with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" which requires classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The County has, by resolution, adopted a fiscal policy which states the County must maintain an unassigned fund balance of at least 10% of the General Fund operating budget. The County's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 1 **Summary of Significant Accounting Policies - Continued**

Property Taxes

The authority for levying taxes for the support of County and town government, inclusive of special districts, and for re-levying unpaid school taxes and village taxes, has been delegated by the New York State Legislature to the governing board of the County through various provisions of the Real Property Tax Law. For purposes of both County and town taxes, the value of real property is listed and established by the County Director of Assessment for each parcel of real property therein. Amounts to be raised by tax are determined from balanced budgets of the towns and the County and levied on or before December 31, each year. The lien date is January 1. Tax rates are established by the ratio of real property value to the taxes to be raised. In the instance of County taxes levied within the city and each of the towns, property values are equalized by the County Legislature through establishment of the ratio that assessed value of the real property in each town and the city bears to the full value therein. Except for city school district taxes levied within the city, unpaid school and village taxes are purchased from each school district and village and added to tax levies and, until paid, are counted among the assets of the County; the County thus acquires all rights, title, and interest in any unpaid taxes. Unpaid city school district taxes on properties outside of the city are also turned over to the County for collection. Taxes are collected in the towns and City of Ithaca from January 1, to a date no later than April 1, when settlement is made with the Finance Director, who makes collections thereafter. The towns' share of tax levies, which are guaranteed by the County, are paid to supervisors out of the first money received. A 5% penalty is added to unpaid items at the time of settlement; thereafter, unpaids, inclusive of this penalty, bear interest at an annual variable rate determined by the New York State Commission of Taxation and Finance.

Residential and farm property classes are now subject to foreclosure after a three year period of delinquency as compared to the former practice of four years; all other classes of property are now subject to foreclosure action after a two year period of delinquency. Article 11 also replaces the procedure of sending delinquent taxes to Tax Sale. The County is now required to file a list of delinquent taxes with the County Clerk and to maintain such listing on an annual basis. Delinquent taxes, which are not redeemed within times prescribed by statute, are subject to conversion to tax deeds vesting title in the County, which in turn may be conveyed by sale to third parties.

Real property taxes levied are recognized as revenue in the Governmental Fund financial statements only if they are "available" within 60 days following the end of the fiscal year. Tax revenue deemed not available is treated as a deferred inflow of resources. At December 31, 2018, the County had deferred \$1,438,651 of real property tax revenue in the General Fund.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Proprietary Fund are charged to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Budgetary Data

The budget policies are as follows:

No later than November 10, the County Administrator (as budget officer) submits a tentative budget to the County Legislature for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds.

After public hearings are conducted to obtain taxpayer comments, no later than December 10, the governing board adopts the budget.

Budget modifications in excess of \$5,000 are authorized by resolution of the County Legislature. Unencumbered budgetary appropriations lapse at the close of each fiscal year with the exception of capital projects. There is an adopted Fiscal Plan which is reviewed annually. The Fiscal Plan allows County departments to apply for the reappropriation of unspent appropriations from the previous year.

Capital project budgets are established in the capital projects annual budget (which coincides with the operations budget) and through the County Legislature resolutions authorizing individual projects. These resolutions remain in effect for the life of the project.

Cash and Cash Equivalents

For financial statement purposes, the County considers all highly liquid investments with original maturities of three months or less as cash equivalents.

Investments

Investments are stated at cost, which approximates market value.

Receivables

Receivables are stated net of estimated allowances for uncollectible amounts. Amounts due from state and federal governments represent amounts owed to the County to reimburse it for expenditures incurred pursuant to various state and federally funded programs.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The County reports deferred outflows related to pensions and OPEB plans in the Statement of Net Position. The types of deferred outflows of resources related to pensions, debt, and OPEB are described in Notes 8, 10, and 11, respectively.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County reports deferred inflows of resources related to unavailable revenues in the Balance Sheet. The County reports deferred inflows related to pensions and OPEB plans in the Statement of Net Position which are further described in Notes 8 and 11, respectively.

Revenues

Substantially all Governmental Fund revenues are accrued. Property tax receivables expected to be received later than 60 days after year end are reported as deferred inflows of resources in the Governmental Fund financial statements. In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements are met. Resources transmitted before time eligibility requirements are met are reported as deferred outflows of resources by the provider and deferred inflows of resources revenue by the recipient. Resources transmitted before all other eligibility requirements are met are reported as advances by the provider and unearned revenue by the recipient.

Self-Insurance

The County of Tompkins assumes the liability for all general liability and substantially all of its vehicle risks. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. As of December 31, 2018, the County had reserved \$1,196,195 in the Internal Service Fund to fund any settlements (See Note 15). Additionally, the County is self-insured for unemployment and reimburses New York State dollar for dollar for any unemployment claims. Unemployment charges for 2018 amounted to \$25,507.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 1 Summary of Significant Accounting Policies - Continued

Self-Insurance - Continued

Effective January 1, 1994, the County became self-insured for workers' compensation claims. Claims occurring prior to 1994 are insured under retrospective adjustment policies issued by the State Insurance Fund. During 2018, the County was not subject to retrospective premiums for claims incurred prior to the County becoming self-insured. The Self-Insured Workers' Compensation Plan reflected the following balances and activity for claims incurred but not paid:

<u>Year</u>	<u>Liability Beginning of Year</u>	<u>Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Liability End of Year</u>
2018	\$ 1,103,897	\$ (343,204)	\$ (172,932)	\$ 587,761
2017	883,196	1,006,820	(786,119)	1,103,897

An additional \$1,133,606 is reserved in the Internal Service Fund to fund any workers' compensation claims.

Property, Plant, and Equipment

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Equipment and furnishings over \$5,000; machinery and motor vehicles over \$25,000; land and buildings over \$100,000; and infrastructure assets over \$100,000, with a useful life greater than one year, are capitalized at cost in the Statement of Net Position. Contributed fixed assets are recorded at fair market value at the date received. The estimated useful lives for governmental capital assets are as follows:

Buildings and Improvements	30 Years
Machinery and Equipment	5 - 15 Years
Infrastructure	25 - 50 Years

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Vacation, Sick Leave, and Compensatory Absences

County of Tompkins' employees are granted vacation and sick leave and earn compensatory absences in varying amounts. Two to four weeks of vacation time, depending on length of employment, are earned by each full time permanent and provisional employee. Benefits accrue upon commencement of employment. Sick/disability leave credits accumulate to a maximum of 120 days. Upon termination of employment, employees are compensated for unused accumulated vacation. Accumulated vacation time is limited to a maximum of three years vacation entitlement based on the position and length of service. Employees are eligible to receive unused sick benefits, unused holiday time, and unused compensatory time in cash or credit to be used to pay for health insurance during retirement. The value of these benefits at December 31, 2018, is approximately \$3,542,281, and is recorded as a long-term obligation in the Statement of Net Position.

Payment of vacation and sick leave recorded in the Statement of Net Position is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for payment of vacation, sick leave, and compensatory absences when such payment becomes due.

Postemployment Benefits

In addition to providing pension benefits, the County of Tompkins provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the County of Tompkins' employees may become eligible for these benefits if they elect to continue coverage. Health care benefits and survivors benefits are provided through an insurance company whose premiums are based on the benefits paid during the year. The County of Tompkins recognizes the cost of providing benefits by recording its share of insurance premiums as an expenditure in the year paid.

During 2018, the County adopted GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The County's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Certain retirees of the Tompkins County Library and Tompkins Cortland Community College are covered under health plans administered by the County. Both of these entities reimburse the County fully for their share of postemployment benefits.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Interfund Activity

Interfund activity is reported as either loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate, and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements take place when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between Governmental Funds are netted as part of the reconciliation to the Government-wide financial statements.

Use of Estimates

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Standards

The County adopted and implemented, as applicable, the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended December 31, 2018:

- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended December 31, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."
- GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ended December 31, 2018.
- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ended December 31, 2018.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 1* Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 83, “Certain Asset Retirement Obligations,” effective for the year ending December 31, 2019.
- GASB has issued Statement No. 84, “Fiduciary Activities,” effective for the year ending December 31, 2019. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.
- GASB has issued Statement No. 87, “Leases,” effective for the year ending December 31, 2020.
- GASB has issued Statement No. 90, “Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61,” effective for the year ending December 31, 2019.

The County will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

***Note 2* Cash and Investments**

The County of Tompkins' investment policies are governed by state statutes. In addition, the County has its own written investment policy. The County's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. The County Finance Director is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, and obligations of New York State or its localities.

Collateral (security) is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and school districts.

Deposits and investments are valued at cost or cost plus interest, and are categorized as either (1) insured and for which the collateral is held by the County's agent in the County's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the County's name, or (3) uncollateralized.

Deposits and investments at year end were entirely covered by FDIC insurance or by collateral held by custodial banks in the County's name. Total financial institution (bank) balances at December 31, 2018, per the bank, were \$73,130,189 for the primary government.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 3 Restricted Cash

Restricted cash and cash equivalents, reported on the primary government's government-wide Financial Statements consists of:

<u>Governmental Activity</u>	<u>Amount</u>
Unspent Debt Proceeds	\$ 3,615,330
Debt Service	2,213,736
Community Development	1,175,619
Public Safety	285,650
Repairs and Replacements	349,174
Public Health	124,191
General Government	134,348
Economic Assistance	161,960
Culture and Recreation	4,542
Home and Community	25,900
Transportation	52,007
TASC	119,666
Total	<u><u>\$ 8,262,123</u></u>

Restricted investments of \$649,852 represent amounts held in a mandated TASC liquidity reserve, which is held in trust and comprised of U.S. Treasury money market funds recorded at cost, which approximates fair value.

Note 4 Securities and Mortgages Receivable

The County has recorded \$588,360 of securities and mortgages receivable offset by deferred inflows of resources of \$588,360 in the Debt Service Fund. In the Statement of Net Position, this receivable is not deferred. The receivable represents the portion of debt reflected in the Statement of Net Position for which third parties have contractual responsibility to reimburse the County for future debt service requirements. The following summarizes the parties and obligations involved:

<u>Indebtedness</u>	<u>Original Amount</u>	<u>Date</u> <u>Issued</u>	<u>Party Involved</u>	<u>% Share</u>	<u>Balance 12/31/17</u>
Serial Bonds	\$ 330,000	2005	Food Net	100%	\$ 48,859
Serial Bonds	105,000	2002	Cooperative Extension of T.C.	100%	15,106
County Funds	180,000	2001	Cooperative Extension of T.C.	100%	32,158
Serial Bonds	350,000	2012	Cooperative Extension of T.C.	100%	350,000
Serial Bonds	389,566	2013	Cortland County	36%	31,784
Serial Bonds	734,063	2014	Cortland County	36%	110,453
Total					<u><u>\$ 588,360</u></u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 5 State and Federal Aid Receivables

State and federal aid receivables at December 31, 2018 consisted of the following, which are stated at net realizable value. The County has deemed the amounts to be fully collectible.

Description	Amount
Social Services	\$ 14,526,724
Sales Tax	1,585,004
STOA	2,407,826
Handicap Education	1,096,565
Other	7,663,281
Total	\$ 27,279,400

Note 6 Property Taxes

At December 31, 2018, total real property tax assets of \$5,626,212 are offset by an allowance for uncollectible taxes of \$375,052. Current year returned village and school taxes of \$3,439,097 are offset by liabilities to the villages and school districts which will be paid no later than April 1, 2019. The remaining portion of tax assets is partially offset by deferred inflows of resources of \$1,438,651 (which represents an estimate of the taxes which will not be collected within the first sixty (60) days of the subsequent year).

Note 7 Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

Governmental Activities	Balance at 12/31/17	Additions	Deletions	Reclassification	Balance at 12/31/18
Non-Depreciable Capital Assets:					
Land and Land Improvements	\$ 7,518,613	\$ 12,025	\$ -	\$ -	\$ 7,530,638
Construction in Progress	9,152,493	7,724,720	-	(5,955,845)	10,921,368
Total Non-Depreciable Capital Assets	16,671,106	7,736,745	-	(5,955,845)	18,452,006
Depreciable Capital Assets:					
Buildings	97,114,224	244,219	-	1,810,380	99,168,823
Machinery and Equipment	16,882,799	1,706,993	(568,965)	98,831	18,119,658
Infrastructure	240,875,084	2,783,721	-	3,983,634	247,642,439
Total Depreciable Capital Assets	354,872,107	4,734,933	(568,965)	5,892,845	364,930,920
Total Historical Cost	371,543,213	12,471,678	(568,965)	(63,000)	383,382,926
Less Accumulated Depreciation:					
Buildings	(56,335,838)	(2,966,634)	-	-	(59,302,472)
Machinery and Equipment	(5,854,018)	(1,600,257)	481,942	-	(6,972,333)
Infrastructure	(119,441,594)	(8,217,670)	-	-	(127,659,264)
Total Accumulated Depreciation	(181,631,450)	(12,784,561)	481,942	-	(193,934,069)
Governmental Activities Capital Assets, Net	\$ 189,911,763	\$ (312,883)	\$ (87,023)	\$ (63,000)	\$ 189,448,857

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 7 Capital Assets - Continued

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Governmental Support	\$ 674,223
Education	15,167
Public Safety	2,755,658
Public Health	652,867
Transportation	7,327,963
Economic Assistance and Opportunity	441,688
Culture and Recreation	327,996
Home and Community Services	588,999
Total	\$ 12,784,561

Capital assets for the Business-type activities was as follows:

<u>Business-Type Activities</u>	<u>Balance at 12/31/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/18</u>
Construction In Progress	\$	\$ 3,311,673	\$	\$ 3,311,673
Business-Type Activities				
Capital Assets, Net	<u>\$ -</u>	<u>\$ 3,311,673</u>	<u>\$ -</u>	<u>\$ 3,311,673</u>

Capital asset activity of the Tompkins County Public Library was as follows:

	<u>Balance at 12/31/17</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at 12/31/18</u>
Historical Cost:				
Construction in Progress	\$ 690,511	\$ 32,756	\$ (723,267)	\$ -
Leasehold Improvements		723,267		723,267
Equipment	1,933,653	164,853		2,098,506
Collection	5,896,101	277,538	(176,883)	5,996,756
Total Historical Cost	<u>8,520,265</u>	<u>1,198,414</u>	<u>(900,150)</u>	<u>8,818,529</u>
Less Accumulated Depreciation:				
Equipment	(1,451,195)	(157,557)		(1,608,752)
Collection	(5,208,478)	(240,510)	176,883	(5,272,105)
Total Accumulated Depreciation	<u>(6,659,673)</u>	<u>(398,067)</u>	<u>176,883</u>	<u>(6,880,857)</u>
Total Capital Assets, Net	<u>\$ 1,860,592</u>	<u>\$ 800,347</u>	<u>\$ (723,267)</u>	<u>\$ 1,937,672</u>

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$398,067 for the year ended December 31, 2018.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 7 Capital Assets - Continued

Capital asset activity of Tompkins County Soil and Water Conservation District was as follows:

	Balance at 12/31/17	Additions	Retirements	Balance at 12/31/18
Equipment	\$ 258,328	\$ 30,223	\$ (44,225)	\$ 244,326
Less: Accumulated Depreciation	(167,248)	(22,750)	44,225	(145,773)
Total Capital Assets, Net	\$ 91,080	\$ 7,473	\$ -	\$ 98,553

Depreciation on all capital assets is computed on the straight-line basis over the estimated useful lives of the assets. Depreciation expense amounted to \$22,750 for the year ended December 31, 2018.

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS)

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The County participates in the New York State and Local Employees' Retirement System (ERS) (System). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The County also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Employees' Retirement System (ERS) - Continued

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required under the program, and were as follows:

	<u>2018</u>	<u>2017</u>	<u>2016</u>
County	\$ 6,172,891	\$ 5,985,813	\$ 6,385,773
Library	264,626	260,850	303,722
District	26,327	24,493	33,317

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2018, the County reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the County by the ERS System.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

	ERS
Actuarial Valuation Date	April 1, 2017
Net Pension Liability	\$ 3,227,444,946
County's Proportionate Share of the Plan's Total Net Pension Liability	5,360,784
Library's Proportionate Share of the Plan's Total Net Pension Liability	231,219
District's Proportionate Share of the Plan's Total Net Pension Liability	34,507
County's Share of the Net Pension Liability	0.1660770%
Library's Share of the Net Pension Liability	0.0071640%
District's Share of the Net Pension Liability	0.0010690%

For the year ended December 31, 2018, the County, the Library and the District recognized pension expense of \$6,346,382, \$258,591, and \$25,114, respectively, for ERS in the financial statements.

At December 31, 2018, deferred outflows of resources and deferred inflows of resources related to the pensions were reported from the following sources:

	County	Library	District
Deferred Outflows of Resources			
Differences Between Expected and Actual Experience	\$ 1,912,018	\$ 82,468	\$ 12,308
Changes of Assumptions	3,554,643	153,317	22,881
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	7,786,115	335,827	5,546
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	429,234	18,514	50,119
County's Contributions Subsequent to the Measurement Date	4,466,710	207,910	22,168
Total	\$ 18,148,720	\$ 798,036	\$ 113,022
Deferred Inflows of Resources			
Differences Between Expected and Actual Experience	\$ (1,580,019)	\$ (68,149)	\$ (10,171)
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	(15,369,009)	(662,889)	(38,960)
Changes in Proportion and Differences Between the County's Contributions and Proportionate Share of Contributions	(694,862)	(29,971)	(98,930)
Total	\$ (17,643,890)	\$ (761,009)	\$ (148,061)

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Employer contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	County	Library	District
2019	\$ 957,654	\$ 41,305	\$ (10,006)
2020	804,786	34,712	(2,908)
2021	(3,920,994)	(169,119)	(30,775)
2022	(1,803,326)	(77,781)	(13,518)
2023			
Thereafter			

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	ERS
Measurement Date	March 31, 2018
Actuarial Valuation Date	April 1, 2017
Interest Rate of Return	7.0%
Salary Increases	3.8%
Cost of Living Adjustments	1.3%
Inflation Rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2017 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Actuarial Assumptions - Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

Measurement Date	<u>ERS</u> March 31, 2018
Asset Type:	
Domestic Equities	4.6%
International Equities	6.4%
Real Estate	5.6%
Private Equity/Alternative Investments	7.5%
Absolute Return Strategies	3.8%
Opportunistic Portfolio	5.7%
Real Assets	5.3%
Cash	(0.3)%
Inflation-indexed Bonds	1.3%
Mortgages and Bonds	1.3%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

<u>ERS</u>	<u>1% Decrease (6.0%)</u>	<u>Current Assumption (7.0%)</u>	<u>1% Increase (8.0%)</u>
County's Proportionate Share of the Net Pension Liability	\$ 40,561,136	\$ 5,360,784	\$ (24,417,307)
Library's Proportionate Share of the Net Pension Liability	1,749,465	231,219	(1,053,157)
District's Proportionate Share of the Net Pension Liability	261,092	34,507	(157,174)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	<u>Dollars in Thousands</u>
	<u>ERS</u>
Measurement Date	March 31, 2018
Employers' Total Pension Liability	\$ 183,400,590
Plan Net Position	180,173,145
Employers' Net Pension Liability	\$ 3,227,445

Ratio of Plan Net Position to the Employers' Total Pension Liability	98.2%
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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2018 represent the projected employer contribution for the period of April 1, 2017 through December 31, 2018 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2018 amounted to \$-0-.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 8 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Current Year Changes

Changes in the net pension liability and deferred outflows and deferred inflows of resources for the year ended December 31, 2018 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
County			
Net Pension Liability	\$ (15,026,215)	\$ 9,665,431	\$ (5,360,784)
Deferred Outflows of Resources	13,374,061	4,774,659	18,148,720
Deferred Inflows of Resources	(2,971,988)	(14,671,902)	(17,643,890)
County Total	\$ (4,624,142)	\$ (231,812)	\$ (4,855,954)
Library			
Net Pension Liability	\$ (660,193)	\$ 428,974	\$ (231,219)
Deferred Outflows of Resources	582,664	215,372	798,036
Deferred Inflows of Resources	(130,577)	(630,432)	(761,009)
Library Total	\$ (208,106)	\$ 13,914	\$ (194,192)
District			
Net Pension Liability	\$ (89,199)	\$ 54,692	\$ (34,507)
Deferred Outflows of Resources	70,676	42,346	113,022
Deferred Inflows of Resources	(55,227)	(92,834)	(148,061)
District Total	\$ (73,750)	\$ 4,204	\$ (69,546)

Note 9 Short-term Debt

Bond Anticipation Notes

The County may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Outstanding balances of BANs payable were comprised of the following at December 31, 2018:

	Interest Rate	Maturity Date	Balance Outstanding December 31, 2018
BAN - Dated 2/21/2018 - Series A	2.50%	2/21/2019	\$ 5,174,000
Total			\$ 5,174,000

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 9 Short-term Debt - Continued

Bond Anticipation Notes - Continued

The following is a summary of changes in BAN's payable for the period ended December 31, 2018:

	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
BAN - Dated 2/21/2018 - Series A	\$ -	\$ 5,174,000	\$ -	\$ 5,174,000
BAN - Dated 7/7/2017 - Series C	3,949,000		(3,949,000)	-
BAN - Dated 2/21/2017 - Series A	544,000		(544,000)	-
BAN - Dated 2/21/2017 - Series B	1,000,000		(1,000,000)	-
Total BAN Activity	\$ 5,493,000	\$ 5,174,000	\$ (5,493,000)	\$ 5,174,000

The County expensed \$126,424 in interest on short-term debt during the year.

Cash Paid	\$ 78,473
Less Interest Accrued in Prior Year	(62,971)
Add Interest Accrued in the Current Year	110,922
Total	\$ 126,424

Revenue Anticipation Notes

The County may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. RANs represent a liability that will be extinguished by the use of expendable, available resources. During the year ended December 31, 2018, the County did not issue or redeem any RANs.

Note 10 Long-term Debt

Constitutional Debt Limit

At December 31, 2018, the total outstanding bonded indebtedness of the County of Tompkins (exclusive of TTASC bonds) aggregated \$50,596,466. Of this amount, \$50,596,466 was subject to the constitutional debt limit and represented approximately 10.0% of its statutory debt limit.

Serial Bonds

The County of Tompkins borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the Government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Serial Bonds - Continued

On February 21, 2018, the County issued \$1,825,000 of public improvement (serial) bonds, with interest rates between 2.00% and 2.50%. The County used the proceeds to provide long-term financing for new money projects consisting of road and bridge construction projects, facilities projects, and jail security equipment.

Installment Purchase Debt

Represents long-term lease commitments and is liquidated in the General Fund. The amount capitalized in relation to these lease commitments was \$12,881,442 for equipment and \$548,000 for buildings, with total lease commitments outstanding of \$702,466 at December 31, 2018. Net book value of the related assets was \$9,816,706 at year end.

Summary of Long-term Debt

The following is a schedule of long-term debt and with corresponding maturity schedules:

Description	Date Issued	Interest Rate	Maturity Date	Balance Outstanding
Bonds:				
2013 Refunding Bonds	11/2013	2.00-5.00%	11/2020	\$ 2,025,000
2014 Refunding Bonds - Series A	11/2014	2.00-5.00%	03/2027	3,415,000
2014 Refunding Bonds - Series B	11/2014	2.00-5.00%	12/2032	11,605,000
Add Unamortized Premiums				1,727,337
Net Refunding Bonds				<u>18,772,337</u>
Public Improvement Bonds 2012	07/2012	1.00-2.25%	07/2027	1,975,000
Public Improvement Bonds 2013	07/2012	3.00-4.00%	07/2030	2,780,000
Public Improvement Bonds 2014	11/2014	2.00-3.00%	10/2029	5,870,000
Public Improvement Bonds 2015	07/2015	2.00-3.00%	07/2030	8,035,000
Public Improvement Bonds 2016	07/2016	2.00%	07/2027	2,140,000
Public Improvement Bonds 2017	02/2017	1.50-2.25%	02/2028	5,050,000
Public Improvement Bonds 2018	02/2018	2.00-2.50%	02/2028	<u>1,825,000</u>
Total Bonds				<u>\$ 46,447,337</u>
Installment Purchase Debt:				
Energy Performance Contract	09/2012	1.75%	03/2020	\$ 387,799
Human Services Annex	02/2011	4.04%	02/2025	<u>314,667</u>
Total Installment Purchase Debt				<u>\$ 702,466</u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Summary of Long-term Debt - Continued

Description	Date Issued	Interest Rate	Maturity Date	Balance Outstanding
TTASC Bonds:				
Series 2000 Tobacco Settlement Pass-through Bonds	12/2000	5.25% - 6.30%	06/2025	\$ 4,400,000
Less: Unamortized bond discount				(74,080)
Carrying Value of Series 2000 Tobacco Settlement Pass-through Bonds				<u>4,325,920</u>
Series 2005 Tobacco Settlement Pass-through Bonds	11/2005	6.0% - 7.85%	06/2060	3,634,440
Less: Unamortized bond discount				(45,115)
Add: Addition to accreted value				5,189,287
Carrying Value of Series 2005 Tobacco Settlement Pass-through Bonds				<u>8,778,612</u>
Total Carrying Value of Pass-through Bonds				<u>\$ 13,104,532</u>

The County's Debt Service requirements at December 31, 2018 were as follows:

Year	Serial Bonds		TTASC Series 2000 Bonds		Installment Purchase		Total
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 4,675,000	\$ 1,404,260	\$ 1,360,000	\$ 216,551	\$ 296,448	\$ 18,625	\$ 7,970,884
2020	4,335,000	1,239,776	530,000	183,547	171,046	12,490	6,471,859
2021	3,365,000	1,125,388	555,000	147,903	42,326	9,674	5,245,291
2022	3,450,000	1,026,563	595,000	109,809	44,068	7,932	5,233,372
2023	3,560,000	924,389	625,000	69,397	45,883	6,117	5,230,786
2024-2028	18,630,000	2,883,517	735,000	29,315	102,695	6,489	22,387,016
2029-2032	6,705,000	446,450					7,151,450
Total	<u>\$ 44,720,000</u>	<u>\$ 9,050,343</u>	<u>\$ 4,400,000</u>	<u>\$ 756,522</u>	<u>\$ 702,466</u>	<u>\$ 61,327</u>	<u>\$ 59,690,658</u>

During 2005, the County sold its residual interest in the Securitized Tobacco Settlement Revenues through the issuance of Series 2005 TASC Bonds, as described above. The Series 2005 Bonds are capital appreciation bonds, upon which the investment return on the initial principal amount is reinvested at a compounded rate until maturity.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Summary of Long-term Debt - Continued

There are no scheduled principal and interest payments on the TASC Series 2005 Bonds other than on their respective maturity dates, at which time a single payment is made representing both the initial principal amount and the total investment return.

However, the Series 2005 Bonds are subject to redemption prior to maturity through turbo redemption payments which are to be made from surplus collections on deposit, as provided in the Bond Indenture. The amounts and timing of the turbo redemption payments are based on projections of future tobacco settlement receipts less amounts needed to satisfy Debt Service on the Series 2000 Bonds and to satisfy operating requirements. Failure to make such turbo redemption payments will not, however, constitute an event of default.

The projected turbo redemption payments are presented in the following table. It is expected the Corporation would begin making payments based on this amortization. However, no payments on this debt have been made. The current portion represents scheduled payments for 2015-2019.

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 666,670	\$ 681,108	\$ 1,347,778
2020	157,337	213,570	370,907
2021	156,605	235,058	391,663
2022	152,214	251,649	403,863
2023	14,637	277,573	292,210
2024-2028	1,246,177	3,542,392	4,788,569
2029-2033	705,376	4,301,921	5,007,297
2034-2038	508,352	4,793,841	5,302,193
2039	27,072	274,083	301,155
Expected Total Debt Service	<u>\$ 3,634,440</u>	<u>\$ 14,571,195</u>	<u>\$ 18,205,635</u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Summary of Long-term Debt - Continued

The following is a summary of the amount of accretion on the TTASC Series 2005 capital appreciation bonds if held to maturity:

	Amount of Yearly Accretion and Amortization of Bond Discount
2019	\$ 559,511
2020	577,275
2021	595,356
2022	614,900
2023	634,365
2024-2028	3,065,681
2029-2033	2,325,054
2034-2038	998,003
2039	11,763
Total Accretion	9,381,908
Accumulated Accretion	5,189,287
Principal	3,634,440
Expected Total Debt Service	<u>\$ 18,205,635</u>

Other Long-term Liabilities

In addition to the above long-term debt, the County had the following non-current liabilities:

- **Compensated Absences:** Represents the value of earned and unused portion of the liability for compensated absences and is liquidated in various funds.
- **Workers Compensation Claims:** Represents estimated liabilities for claims for workers' compensation that have been incurred but not reported, and is liquidated in the Internal Service Fund.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Summary of Changes in Long-term Obligations

The following is a summary of changes in long-term obligations for the period ended December 31, 2018:

	<u>Balance 12/31/2017</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2018</u>	<u>Amount Due Within One</u>
Serial Bonds	\$ 47,600,000	\$ 1,825,000	\$ (4,705,000)	\$ 44,720,000	\$ 4,675,000
Unamortized Premiums	2,079,232		(351,895)	1,727,337	285,494
Total Serial Bonds	<u>49,679,232</u>	<u>1,825,000</u>	<u>(5,056,895)</u>	<u>46,447,337</u>	<u>4,960,494</u>
Compensated Absences	3,632,360		(90,079)	3,542,281	
Workers' Compensation Claims	1,103,897	(343,204)	(172,932)	587,761	
Installment Purchase Debt	992,921		(290,455)	702,466	296,448
Total Primary Government	<u>55,408,410</u>	<u>1,481,796</u>	<u>(5,610,361)</u>	<u>51,279,845</u>	<u>5,256,942</u>
TTASC Bonds	8,239,440		(205,000)	8,034,440	2,026,670
Add Accreted Interest on 2005 Bonds	4,647,547	541,740		5,189,287	
Less Unamortized Bond Discount	(133,147)		13,952	(119,195)	(13,952)
Total TASC	<u>12,753,840</u>	<u>541,740</u>	<u>(191,048)</u>	<u>13,104,532</u>	<u>2,012,718</u>
Total	<u>\$ 68,162,250</u>	<u>\$ 2,023,536</u>	<u>\$ (5,801,409)</u>	<u>\$ 64,384,377</u>	<u>\$ 7,269,660</u>

Additions and deletions to compensated absences are shown net, as it is impractical to determine these amounts separately.

The County expensed \$2,147,892 in interest on long term debt during the year.

Cash Paid	\$ 1,873,401
Less Interest Accrued in Prior Year	(394,749)
Add Interest Accrued in the Current Year	379,237
Add Accreted Interest on the Series 2005 TASC Bonds	541,740
Add Amortization of Deferred Charges on Defeased Debt	86,206
Less Amortization of Bond Premiums	(351,895)
Add Amortization of TTASC Bond Discount	<u>13,952</u>
Total	<u>\$ 2,147,892</u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 10 Long-term Debt - Continued

Deferred Outflows of Resources

The County reports deferred outflows of resources related to deferred charges on defeased debt in the government-wide Statement of Net Position. A deferred charge on defeased debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt.

The following is a summary of changes in deferred charges on defeased debt for the period ended December 31, 2018:

	Balance	Additions	Deletions	Balance	Amount Due
	12/31/17	12/31/18	12/31/18	12/31/18	Within One
					Year
Deferred Charges on Defeased Debt	\$ 435,222	-	\$ (86,206)	\$ 349,016	\$ 64,704

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County

During the year ended December 31, 2018 the County implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended December 31, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."

General Information about the OPEB Plan

Plan Description - The County's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the Town. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the County Legislature. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The County provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under.

The specifics of each contract are on file at the County offices and are available upon request.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued

General Information about the OPEB Plan - Continued

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	226
Active Employees not Fully Eligible for Benefits	677

Total OPEB Liability

The County's total OPEB liability of \$75,142,268 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate:	3.44%
Discount Rate	3.44%
Salary Scale	2.90%
Rate of Inflation	2.40%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.00% for 2019, decreasing to an ultimate rate of 3.94% for 2088 and later years

The discount rate is based on Bond Buyer Weekly 20-Bond Go Index.

Mortality rates were based on the Scale MP-2014 and projected forward with Scale MP-2018 (generational mortality) published by the pension mortality study released by the Society of Actuaries.

Termination rates were based on the experience under the NYS and Local Retirement System.

Retirement rates are based on the experience under the New York State and Local Retirement System.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued

Total OPEB Liability - Continued

The actuarial assumptions used in the December 31, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	County Total OPEB Liability
Balance at December 31, 2017	\$ 79,420,481
Changes for the Year:	
Service Cost	3,367,196
Interest Cost	3,104,040
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(6,840,910)
Changes in Assumptions or Other Inputs Benefit Payments	(2,568,093)
Benefit Payments	(1,340,446)
	(4,278,213)
Balance at December 31, 2018	\$ 75,142,268

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.44%) or 1 - percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB Liability	\$ 89,383,708	\$ 75,142,268	\$ 63,835,231

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the County, as well as what the County's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (6.00 to 2.94%) or 1 percentage point higher (8.00 to 4.94%) than the current healthcare cost trend rate:

	1% Decrease (6.00% to 2.94%)	Healthcare Cost Trend Rate (7.00% to 3.94%)	1% Increase (8.00% to 4.94%)
Total OPEB Liability	\$ 62,385,483	\$ 75,142,268	\$ 91,777,365

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the County recognized OPEB expense of \$5,778,354.

At December 31, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 5,905,081
Changes in Assumptions or Other Inputs	-	2,216,780
Contributions Subsequent to Measurement Date	1,238,967	-
Total	\$ 1,238,967	\$ 8,121,861

County contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2019	\$ (1,287,142)
2020	(1,287,142)
2021	(1,287,142)
2022	(1,287,142)
2023 and Thereafter	(2,973,293)

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 79,420,481	\$ (4,278,213)	\$ 75,142,268
Deferred Outflows of Resources	(1,340,446)	101,479	(1,238,967)
Deferred Inflows of Resources		8,121,861	8,121,861
Total	\$ 78,080,035	\$ 3,945,127	\$ 82,025,162

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued

Postemployment Benefits Other than Pensions - Tompkins County Public Library

During the year ended December 31, 2018 the Library implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ended December 31, 2018. This Statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB."

General Information About the OPEB Plan

Plan Description - The Library provides medical, prescription drug, and life insurance benefits to retired employees, spouses, and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the Library has in place with different classifications of employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements, as there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided - The Library provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the Library offices and are available upon request.

Employees Covered by Benefit Terms - At December 31, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	16
Active employees not fully eligible for benefits	47

Total OPEB Liability

The Library's total OPEB liability of \$4,449,372 was measured as of January 1, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the January 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.44%
Discount Rate	3.44%
Salary Scale	2.90%
Rate of Inflation	2.40%
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.00% for 2019, decreasing to an ultimate rate of 3.94% for 2088 and later years

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued
The discount rate is based on Bond Buyer Weekly 20-Bond Go Index.

Mortality rates were based on the Scale MP-2014 and projected forward with Scale MP-2018 (generational mortality) published by the pension mortality study released by the Society of Actuaries.

Termination rates were based on the experience under the NYS and Local Retirement System.

Retirement rates are based on the experience under the New York State and Local Retirement System.

Total OPEB Liability

The actuarial assumptions used in the January 1, 2018 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	Library Total OPEB Liability
Balance at December 31, 2017	\$ 4,702,696
Changes for the Year:	
Service Cost	199,381
Interest Cost	183,798
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	(405,068)
Changes in Assumptions or Other Inputs Benefit Payments	(152,064)
Benefit Payments	(79,371)
	(253,324)
Balance at December 31, 2018	\$ 4,449,372

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a discount rate that is 1 - percentage-point lower (2.44%) or 1 - percentage-point higher (4.44%) than the current discount rate:

	1% Decrease (2.44%)	Discount Rate (3.44%)	1% Increase (4.44%)
Total OPEB Liability	\$ 5,292,645	\$ 4,449,372	\$ 3,779,853

Changes of assumptions and other inputs reflect a change in the discount rate from 3.78% in 2017 to 3.44% in 2018.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued
Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the Library, as well as what the Library's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (2.94% to 6.00%) or 1 percentage point higher (4.94% to 8.00%) than the current healthcare cost trend rate:

	1% Decrease (6.00% to 2.94%)	Healthcare Cost Trend Rate (7.00% to 3.94%)	1% Increase (8.00% to 4.94%)
Total OPEB Liability	\$ 3,694,009	\$ 4,449,372	\$ 5,434,380

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the Library recognized OPEB expense of \$540,565.

At December 31, 2018, the Library reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ 349,655
Changes in Assumptions or Other Inputs	-	131,262
Contributions Subsequent to Measurement Date	73,363	-
Total	\$ 73,363	\$ 480,917

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2019	\$ (76,215)
2020	(76,215)
2021	(76,215)
2022	(76,215)
2023 and Thereafter	(176,057)

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Tompkins County - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 4,702,696	\$ (253,324)	\$ 4,449,372
Deferred Outflows of Resources	(79,371)	6,008	(73,363)
Deferred Inflows of Resources		480,917	480,917
Total	\$ 4,623,325	\$ 233,601	\$ 4,856,926

Note 12 Interfund Receivables and Payables

Interfund receivable and payable balances at December 31, 2018 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenue	Interfund Expenditures
Major Funds:				
General Fund	\$ 387,532	\$ 589,921	\$	\$ 13,097,413
County Road Fund	6,068	578,234	4,936,912	724,675
Transportation Fund	250,000	125,680		75,350
Solid Waste Fund	431	16,781		759,828
Special Grant Fund	48,389	12,875	262,067	
Capital Projects Funds -				
Transportation Fund	391,740	250,000	766,415	562,348
General Government Fund		524,301	980,129	2,937,000
Debt Service Fund			6,058,358	
Non-Major Funds	1,038,282	204,267	2,015,733	
Internal Service Fund	25,507		200,000	
Enterprise Fund	169,411	15,301	2,937,000	
Total	\$ 2,317,360	\$ 2,317,360	\$ 18,156,614	\$ 18,156,614

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 13 **Deferred Compensation Plan**

At the March 17, 2015 meeting of the Legislature, with a unanimous vote, the New York State Deferred Compensation Plan (NYSDCP) was approved to be the new deferred compensation provider. The decision to change providers was based on the NYS Plan's lower costs/fees to employees and retirees who participate, along with the consistently strong performance of the Plan. The transition from ICMA-RC, the former provider, to the NYSDCP took place on June 10, 2015.

Employees of the County of Tompkins may elect to participate in the New York State Deferred Compensation Plan (NYSDCP) created in accordance with Internal Revenue Code Section 457. NYSDCP, available to all employees, permits them to defer a portion of their salary until future years, usually after retirement. GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code 457 Deferred Plans," requires NYSDCP assets to be held by an outside trustee, and are not reported in the County's financial statements.

Note 14 **Joint Ventures**

Tompkins Cortland Community College

The following is the activity undertaken jointly with another municipality. The County's share of this activity is included in the County's financial statements. Separate financial statements are issued for this joint venture and may be obtained from their administrative office at 170 North Street, Dryden, New York 13053.

The County of Tompkins and the County of Cortland jointly own the Tompkins Cortland Community College (the College). The venture operates under the terms of an agreement dated 1965 under provisions of Article 126 of the Education Law. The agreement is for an indefinite period of time. Significant provisions of the agreement are as follows:

- The College is administered by a Board of Trustees consisting of nine voting members; five of whom are appointed by the Legislative Boards of the two counties under an apportionment made between the two counties by the State University Trustee, and four by the Governor.
- Ownership of existing capital facilities and capital expenses are shared in the following ratios:

County of Tompkins	68%
County of Cortland	32%

- Subsidies to meet operational expenses are shared in the ratio of residents in attendance. The County's share of operations for the current year and the two preceding years was \$2,976,233, \$3,105,937, and \$2,929,730, respectively.
- The governing body has established that the County of Tompkins and the County of Cortland will each provide 30% of the operational costs of the College. Subsidies to meet operational expenses are shared by the ratio of resident students in attendance.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

***Note 14* Joint Ventures - Continued**

Tompkins Cortland Community College - Continued

- All monies incidental to college operations are received and expended by the College except for those monies relating to debt service for which the counties, as sponsors, are responsible. During 1994 the sponsors authorized a Campus Master Plan Improvement Program in the amount of \$8,689,572. The sponsors are responsible for approximately 50% of the cost associated with the Master Plan improvements. Tompkins County is the lead agency in financing the sponsor's share, and has issued \$6,860,000 of debt to provide for the sponsor's share of program cost. The Cortland County Legislature has executed an inter-municipal agreement with Tompkins County, which provides for reimbursement of 36% of the net debt service cost associated with the project. As of December 31, 2018, outstanding debt related to the 1994 Master Plan was \$395,104 in bonds. Cortland County is responsible for 36% or \$142,234 of the bonds payable. Tompkins County reports 100% of the debt in its Statement of Net Position and also reports a receivable for the 36% in "securities and mortgages" in its Debt Service Fund.
- In 2005, the College began another campus expansion program estimated at a cost of approximately \$34 million. The sponsoring counties have committed \$13.5 million to match NYS participation in the expansion, with the College required to raise funds over and above the amount approved by New York State. Under the 2005 Campus Expansion, each county became responsible for issuing debt to finance the project. The County has contributed \$12,971,037 for the Campus Expansion, consisting of \$3,665,537 from a tobacco securitization, a \$620,000 budget contribution, and \$8,685,500 of bonds and notes. At December 31, 2018, outstanding debt related to the 2005 Campus Expansion (consisting of 2014 Refunding Series A Bonds and 2014 Refunding Series B Bonds) was \$3,620,473.
- In 2014, the College began another Master Plan improvement project estimated at a cost of approximately \$7 million. The sponsoring counties have committed \$3,525,000 to match NYS participation in the expansion, with the college required to raise funds over and above the amount approved by New York State. Under the 2014 Campus Expansion, each county became responsible for issuing debt to finance the project. Tompkins County bonded \$2,185,500 on November 6, 2014 for this project; outstanding debt related to the 2014 Master Plan improvement project was \$1,660,000.
- In 2016, the College began a roof replacement project estimated at a cost of approximately \$3.5 million. The sponsoring counties have committed \$1,750,000 to match the NYS participation in the project. On February 21, 2017 the County issued \$1,100,000 in bonds to provide its share of funding to the College for the roof replacement project. At December 31, 2018, the outstanding debt related to the roof replacement project was \$1,018,332.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 14 Joint Ventures - Continued

- The financial statements of the College are independently audited annually. The following is an audited summary of financial information included in financial statements for the joint venture, (combined funds) as of August 31, 2018:

Total Assets	\$	47,408,929
Total Deferred Outflows of Resources		4,605,216
Total Liabilities		52,695,292
Total Deferred Inflows of Resources		5,552,441
Total Equity		(6,233,588)
Total Revenues		45,768,501
Total Expenses		51,301,507

- The County's share of the College's equity is comprised of the following at December 31, 2018:

68% of the College's Total Equity	\$	(4,238,840)
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Tompkins Consolidated Area Transit

The following is the activity undertaken jointly with another municipality and a university. This activity is excluded from the financial statements of the participating municipalities. Separate financial statements for this joint venture can be obtained from the Tompkins Consolidated Area Transit's administrative office at 737 Willow Avenue, Ithaca, New York 14850.

TCAT was formed under a consolidation agreement between the City of Ithaca, Tompkins County, and Cornell University effective April 1, 1998. The agreement shall remain in force until October 9, 2021. TCAT began operations on January 1, 1999, with its purpose to provide public transportation in Tompkins County and surrounding areas. As of January 1, 2005 TCAT was reorganized as a 501(c)(3). However, the structure of the Board, and the interest of each party was not changed. Significant provisions of the agreement are as follows:

- TCAT is governed by a Board of Directors consisting of nine voting members with three members appointed by each participant in the venture. The General Manager of TCAT is a non-voting ex-officio member of the Board. In addition, the nine voting members of the Board select five additional non-voting, ex-officio members.
- Interest of each party in surpluses, losses, property, and debt acquired by TCAT shall be shared equally.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 14 Joint Ventures - Continued

- Each party makes an annual contribution of equal amounts to the venture for TCAT's operating budget. The County's contribution for 2017 and 2018 was \$837,432 each year. The 2019 contribution will be \$910,432.
- The financial statements of TCAT are independently audited annually and may be obtained from their administrative office. The following is a summary of audited financial information included in financial statements for the joint venture as of December 31, 2018:

Total Assets	\$	22,596,916
Total Liabilities		5,410,084
Total Equity		17,186,832
Total Revenues		20,252,486
Total Expenses		17,862,217

- The County's share of TCAT's equity amounted to \$5,728,944 at December 31, 2018.

Note 15 Contingencies

The County of Tompkins is defendant in several tax certiorari claims brought by taxpayers in an attempt to reduce their real property value assessments. These lawsuits arise from the continuing adjustments to property valuations required to maintain assessments at a uniform level of market value. The County's attorney in the defense of these cases has expressed the opinion that the impact of settlement of such cases has the potential to be substantial but not predictable.

The County of Tompkins is a defendant in several tort claims. There are always various cases pending against the County, but we are not aware of any of these cases presenting a material adverse effect upon the County's financial condition, nor would any of these cases affect the power of the County to levy, collect, and enforce the collection of taxes or other revenues for the payment of its obligations. The County is self-insured for the amounts claimed and is paying for the defense of these cases. It maintains reserves, in amounts recommended by its insurance administrator, which it considers adequate to cover potential settlements or damages awarded. As of December 31, 2018, the County has reserved \$1,196,195 for unreported claims, which is included in the net position in the Internal Services Fund.

As of this date, labor agreements are either in place or in progress for all County employees. Negotiations for the period 2018-2020 were successfully concluded with the CSEA White and Blue Collar Units. Negotiations are currently in progress with the Correction Officers Union for a successor agreement to their contract which expired December 31, 2018, and are in progress with the Road Patrol Union for a successor agreement to their contract which expired at the end of fiscal year 2016. The County, as a matter of fiscal policy, reserves funds for anticipated settlements. The adopted 2018 budget provides resources for future contracts consistent with settlements of other employee units.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 16 Sales Tax

The County, under the general authority of Article 29 of the Tax Law, imposes a 3% sales tax in the towns outside the City of Ithaca and a 1.5% sales tax within its boundaries. Both the County and City-imposed tax are administered and collected by the State Tax Commission in the same manner as that relating to the State imposed 4% sales and compensating use tax. Net collections, meaning monies collected after deducting expenses of administration and collections and amounts refunded or to be refunded, but inclusive to any applicable penalties and interest, are paid by the State to the County and the City, respectively. Of the total sales tax received by the County, an amount equal to 50% of total collections, excluding the amount paid directly to the City, is retained by the County. The balance is divided among the towns based upon population as determined by the 2000 census. The towns' share is divided and allocated between incorporated villages (located wholly or partially within the town) and the area of the towns outside said villages, on the basis of population. All the villages and five townships are paid their share in cash. The town outside villages' share are retained by the County and applied in the first instance to the taxes to be relieved for county purposes in the respective towns' levy.

During 1992, the State Legislature granted authority to increase the County sales tax rate from 3% to 4%. The new taxing authority became effective December 1, 1992, with an initial expiration of November 30, 1995. The State Legislature has subsequently renewed the additional tax rate to November 30, 2020.

For the past five year period, sales tax proceeds have been distributed to the jurisdictions within the County in the following amounts:

<u>Year</u>	<u>County Share</u>	<u>City Share</u>	<u>Town/ Village Share</u>
2018	\$ 37,190,459	\$ 13,960,075	\$ 14,966,271
2017	35,262,872	13,360,645	14,066,078
2016	33,198,140	12,555,002	13,266,597
2015	33,385,002	12,419,075	13,546,566
2014	34,002,586	12,600,667	13,845,767

The 2018 County Budget includes \$36,217,630 in sales tax to support operations.

Note 17 Transactions with Discretely Presented Component Units

The County of Tompkins contributed \$3,559,359 and \$352,131 to the Tompkins County Public Library and the Tompkins County Soil and Water Conservation District, respectively. Additionally, the Library's facilities are owned by the County and provided to the Library at no charge. The County provided \$483,179 worth of debt service on the building occupied by the Library.

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 18 Fund Balance Detail

At December 31, 2018, fund balance in the governmental funds was comprised of the following:

	General Fund	County Road Fund	Transportation Fund	Solid Waste Fund
Nonspendable				
Prepaid Expenses	\$ 3,299,332	\$ -	\$ 663	\$ 166
Total Nonspendable Fund Balance	\$ 3,299,332	\$ -	\$ 663	\$ 166
Restricted				
Economic Assistance and Opportunity	\$ 351,983	\$	\$	\$
Public Safety	106,462			
Capital Reserve	105,023			244,151
Total Restricted Fund Balance	\$ 563,468	\$ -	\$ -	\$ 244,151
Assigned				
Appropriated for Next Year's Budget	\$ 2,422,242	\$	\$	\$
Encumbered for:				
General Government	292,373			
Public Safety	105,361	13,000		
Public Health	191,648			
Economic Assistance	544,849			
Transportation	78,248	20,000		
Culture and Recreation	2,452			
Home and Community Services	98,775			2,094
Assigned for Employee Benefits:				
General Government	12,891			
Public Safety	17,194			
Public Health	11,917			
Transportation	4,990			
Economic Assistance and Opportunity	15,541			
Culture and Recreation	436			
Home and Community Services	2,485			
Assigned for:				
Public Safety RAA Reserve	593,280			
Culture and Recreation, County Historian Rollovers	23,402			
Residual Fund Balance		1,785,976	862,187	1,765,390
Total Assigned Fund Balance	\$ 4,418,084	\$ 1,818,976	\$ 862,187	\$ 1,767,484
Unassigned				
Unassigned Fund Balance	\$ 41,384,887	\$	\$	\$
Total Unassigned Fund Balance	\$ 41,384,887	\$ -	\$ -	\$ -

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 18 Fund Balance Detail - Continued

	<u>Special Grant Fund</u>	<u>Capital Projects Fund - Transportation</u>	<u>Capital Projects Fund - General Government</u>	<u>Debt Service Fund</u>	<u>Non-Major Funds</u>
Nonspendable					
Prepaid Expenses	\$ -	\$ -	\$ -	\$ -	\$ 3,550
Total Nonspendable Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,550</u>
Restricted					
Community Development	\$ 1,296,865	\$ -	\$ -	\$ -	\$ -
Capital Projects - Unspent Debt Proceeds			3,609,779		5,551
Debt Service				2,213,736	1,319,518
Total Restricted Fund Balance	<u>\$ 1,296,865</u>	<u>\$ -</u>	<u>\$ 3,609,779</u>	<u>\$ 2,213,736</u>	<u>\$ 1,325,069</u>
Committed					
Capital Projects	\$ -	\$ -	\$ -	\$ -	\$ 4,074,916
Total Committed Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,074,916</u>
Assigned					
Encumbered for Transportation					\$ 164,496
Assigned for Transportation		3,832,409	4,740,027		474,996
Total Assigned Fund Balance	<u>\$ -</u>	<u>\$ 3,832,409</u>	<u>\$ 4,740,027</u>	<u>\$ -</u>	<u>\$ 639,492</u>
Unassigned					
Unassigned Fund Balance	\$ -	\$ -	\$ -	\$ -	\$ -
Total Unassigned Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 18 Fund Balance Detail - Continued

Of the \$(27,584,586) reported as unrestricted net position (deficit) of the Governmental Activities in the Government-wide Statement of Net Position, the County has designated funds to be set aside for certain purposes or contingencies, as follows:

Unrestricted Net Position	\$ (27,584,586)
Designated for:	
Ensuing Year's Budget	2,422,242
Carry-over of Prior Year's Commitments (Encumbrances and Rollovers)	1,513,296
Prepaid Expenses	3,303,711
Employee Benefits	65,454
Capital Projects	4,074,916
Self Insurance	1,196,195
Workers' Compensation	1,133,606
Equity Interest in Joint Venture, Net of Related Debt	1,490,104
Public Safety	593,280
Transportation	3,123,159
Home and Community Services	1,765,390
Total Designated Net Position	<u>20,681,353</u>
Unrestricted, Undesignated Net Position (Deficit)	<u><u>\$ (48,265,939)</u></u>

Reconciliation Between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net position differ because unspent debt proceeds are reported as restricted fund balance in the fund financial statements and as a portion of invested in capital, net of related debt in the Statement of Net Position. Restricted fund balances and restricted net position also differ because loan balances in the special grant fund and the debt service fund are reported as unavailable revenue in the fund financial statements and as a portion of restricted net position in the Statement of Net Position.

Restricted Fund Balance in the Fund Financial Statements	\$ 9,253,068
Plus Securities, Mortgages, and Loan Balances	1,342,030
Less Unspent Debt Proceeds	<u>(3,615,330)</u>

Restricted Net Position in the Government-wide Financial Statements	<u><u>\$ 6,979,768</u></u>
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COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 19 Tax Abatements

For the year ended December 31, 2018, the County was subject to tax abatements negotiated by the Tompkins County Industrial Development Agency (TCIDA), a discretely presented component unit, the Town of Ithaca (the Town), the City of Ithaca (the City), the Village of Freeville, and the Village of Groton (the Villages).

Under TCIDA, economic development agreements entered into can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

Information relevant to disclosure of the program for the year ended December 31, 2018 is as follows:

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 2,734,057
Sales Tax	3,324,804
Mortgage Tax	10,144
Total	<u>\$ 6,069,005</u>

The City, Town, and the Villages entered into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the City, Town or Villages. Under this program, the City, Town, and Villages abated taxes by 95% to an apartment complex.

<u>Tax Abatement Program</u>	<u>Amount of Taxes Abated</u>
Economic Development:	
Real Property Tax	\$ 107,564
Total	<u>\$ 107,564</u>

COUNTY OF TOMPKINS

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2018

Note 20 **Restatement**

The County's December 31, 2017 net position has been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ 139,904,137
GASB Statement No. 75 Implementation	
Beginning OPEB Plan Liability	(2,735,963)
Beginning OPEB Plan Liability - Joint Venture	<u>(12,706,875)</u>
Net Position (Deficit) Beginning of Year, as Restated	<u>\$ 124,461,299</u>

The Library's December 31, 2017 net position as been restated to reflect the following:

Net Position (Deficit) Beginning of Year	\$ (2,768,584)
GASB Statement No. 75 Implementation	
Beginning OPEB Plan Liability	<u>363,558</u>
Net Position (Deficit) Beginning of Year, as Restated	<u>\$ (2,405,026)</u>

Note 21 **Subsequent Events**

On February 20, 2019, the County issued \$14,455,000 of serial bonds with various years of maturity; February 1, 2020-2029. The proceeds of the bonds, along with \$570,000 in available funds, will redeem a \$2,300,000 portion of the \$5,174,000 BANs which mature February 21, 2019, and provide \$1,800,000 in new monies for the abovementioned projects. The purpose of the bonds is for various capital improvements.

On February 20, 2019, the County issued \$3,425,000 of BANs due February 20, 2020. The proceeds of the Series A Notes, along with \$782,000 in available funds, will redeem and partially renew a \$2,874,000 portion of the \$5,174,000 Bond Anticipation Notes, 2018 Series A maturing February 21, 2019, and provide \$1,333,000 in new monies for various capital improvements.

On February 20, 2019, the County issued \$7,500,000 of BANs due February 20, 2020. The proceeds of the Series B Notes will provide \$7,500,000 in new monies for various public improvement projects.

On April 16, 2019 the County Legislature authorized the acquisition of 117 and 119 Sears Street and 408 and 412-414 N. Tioga Street in the City of Ithaca for the development and construction of a new County office building. Following an extensive feasibility analysis the location was recommended for acquisition and the eventual construction of a County office building to consolidate several downtown offices that are split between multiple buildings and several leased spaces. The potential building will be between 37,000-46,000 square feet in size. In addition, a portion of the purchased property is being considered for additional municipal parking or surplus for the development of affordable housing by an appropriate developer. The total cost of the new County office building is estimated at \$20M.

COUNTY OF TOMPKINS

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
REVENUES					
Real Property Taxes	\$ 51,355,873	\$ 51,355,873	\$ 45,616,291	\$	\$ (5,739,582)
Real Property Tax Items			2,073,887		2,073,887
Nonproperty Tax Items	51,490,959	53,516,178	59,947,003		6,430,825
Departmental Income	8,873,755	9,078,562	10,178,004		1,099,442
Intergovernmental Charges	11,520	108,059	1,065,441		957,382
Use of Money and Property	489,610	522,010	653,704		131,694
Licenses and Permits	4,500	4,500	8,089		3,589
Fines and Forfeitures	259,000	259,000	150,698		(108,302)
Sale of Property and Compensation for Loss	696,000	732,638	656,002		(76,636)
Miscellaneous Local Sources	2,014,587	1,936,347	1,047,282		(889,065)
Interfund Revenues	471,788	471,788	496,860		25,072
State Sources	29,983,236	35,075,565	33,634,913		(1,440,652)
Federal Sources	18,173,903	19,131,337	18,167,207		(964,130)
Total Revenues	163,824,731	172,191,857	173,695,381	-	1,503,524
EXPENDITURES					
General Governmental Support	32,379,928	33,316,308	32,094,738	292,373	929,197
Education	9,303,382	9,389,832	9,127,065		262,767
Public Safety	19,500,271	19,415,649	19,095,538	105,361	214,750
Health	19,523,065	20,408,206	18,432,701	191,648	1,783,857
Transportation	10,353,722	12,221,981	11,884,799	78,248	258,934
Economic Assistance and Opportunity	53,602,233	58,502,737	56,450,359	544,849	1,507,529
Culture and Recreation	5,797,400	5,825,377	5,743,005	2,452	79,920
Home and Community Services	2,067,893	2,523,568	1,995,740	98,775	429,053
Employee Benefits	91,252	1,085,567	994,315		91,252
Total Expenditures	152,619,146	162,689,225	155,818,260	1,313,706	5,557,259
Excess of Revenues (Expenditures)	11,205,585	9,502,632	17,877,121	(1,313,706)	7,060,783
OTHER FINANCING SOURCES (USES)					
Interfund Transfers (Out)	(11,732,143)	(13,340,915)	(13,097,413)		243,502
Total Other Financing Sources (Uses)	(11,732,143)	(13,340,915)	(13,097,413)	-	243,502
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	(526,558)	(3,838,283)	4,779,708	\$ (1,313,706)	\$ 7,304,285
Appropriated Fund Balance	526,558	3,838,283			
Net Increase	\$ -	\$ -	4,779,708		
Fund Balance, Beginning of Year			44,886,063		
Fund Balance, End of Year			\$ 49,665,771		

COUNTY OF TOMPKINS

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) COUNTY ROAD FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Use of Money and Property	\$	\$	\$ 3,006	\$	\$ 3,006
Licenses and Permits	4,000	4,000	7,382		3,382
Sale of Property and Compensation for Loss	2,000	2,000	18,320		16,320
Miscellaneous Local Sources			60		60
State Sources	2,485,313	2,770,816	2,776,097		5,281
Total Revenues	<u>2,491,313</u>	<u>2,776,816</u>	<u>2,804,865</u>	<u>-</u>	<u>28,049</u>
EXPENDITURES					
Current					
Public Safety	217,932	207,770	194,543	13,000	227
Transportation	5,565,961	6,735,042	6,508,997	20,000	206,045
Employee Benefits	913,789	798,407	773,368		25,039
Total Expenditures	<u>6,697,682</u>	<u>7,741,219</u>	<u>7,476,908</u>	<u>33,000</u>	<u>231,311</u>
Excess of Revenues (Expenditures)	<u>(4,206,369)</u>	<u>(4,964,403)</u>	<u>(4,672,043)</u>	<u>(33,000)</u>	<u>259,360</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In	4,931,044	4,936,911	4,936,912		1
Interfund Transfers (Out)	(724,675)	(724,675)	(724,675)		-
Total Other Financing Sources	<u>4,206,369</u>	<u>4,212,236</u>	<u>4,212,237</u>	<u>-</u>	<u>1</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>-</u>	<u>(752,167)</u>	<u>(459,806)</u>	<u>\$ (33,000)</u>	<u>\$ 259,361</u>
Appropriated Fund Balance		752,167			
Net (Decrease)	<u>\$ -</u>	<u>\$ -</u>	<u>(459,806)</u>		
Fund Balance, Beginning of Year			2,278,782		
Fund Balance, End of Year			<u>\$ 1,818,976</u>		

COUNTY OF TOMPKINS

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) TRANSPORTATION FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Departmental Income	\$ 1,451,252	\$ 1,451,252	\$ 1,515,151	\$	\$ 63,899
Intergovernmental Charges	109,281	109,281	109,281		-
Use of Money and Property	1,625,924	1,625,924	1,651,987		26,063
Sale of Property and Compensation for Loss	38,000	38,000	38,790		790
Miscellaneous Local Sources	13,225	43,225	41,328		(1,897)
State Sources		10,315	15,411		5,096
Total Revenues	<u>3,237,682</u>	<u>3,277,997</u>	<u>3,371,948</u>	-	<u>93,951</u>
EXPENDITURES					
Transportation	2,713,359	2,823,266	2,689,358		133,908
Employee Benefits	448,973	448,973	418,574		30,399
Total Expenditures	<u>3,162,332</u>	<u>3,272,239</u>	<u>3,107,932</u>	-	<u>164,307</u>
Excess of Revenues (Expenditures)	<u>75,350</u>	<u>5,758</u>	<u>264,016</u>	-	<u>258,258</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers (Out)	<u>(75,350)</u>	<u>(75,350)</u>	<u>(75,350)</u>		-
Total Other Financing Sources (Uses)	<u>(75,350)</u>	<u>(75,350)</u>	<u>(75,350)</u>	-	-
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>-</u>	<u>(69,592)</u>	<u>188,666</u>	<u>\$ -</u>	<u>\$ 258,258</u>
Appropriated Fund Balance		<u>69,592</u>			
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>188,666</u>		
Fund Balance (Deficit), Beginning of Year			<u>674,184</u>		
Fund Balance, End of Year			<u>\$ 862,850</u>		

COUNTY OF TOMPKINS

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) SOLID WASTE FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Departmental Income	\$ 5,711,692	\$ 5,711,692	\$ 5,259,841	\$	\$ (451,851)
Use of Money and Property	750	750	3,384		2,634
Licenses and Permits	104,160	104,160			(104,160)
Fines and Forfeitures	950	950			(950)
Sale of Property and Compensation for Loss	320,141	320,141	316,734		(3,407)
Miscellaneous Local Sources	5,025	5,025	3,752		(1,273)
State Sources	43,500	43,500	103,747		60,247
Total Revenues	<u>6,186,218</u>	<u>6,186,218</u>	<u>5,687,458</u>	<u>-</u>	<u>(498,760)</u>
EXPENDITURES					
Home and Community Services	5,048,880	5,669,510	5,535,368		132,048
Employee Benefits	377,510	356,592	351,883		4,709
Total Expenditures	<u>5,426,390</u>	<u>6,026,102</u>	<u>5,887,251</u>	<u>2,094</u>	<u>136,757</u>
Excess of Revenues (Expenditures)	<u>759,828</u>	<u>160,116</u>	<u>(199,793)</u>	<u>(2,094)</u>	<u>(362,003)</u>
OTHER FINANCING SOURCES (USES)					
Interfund Transfers (Out)	<u>(759,828)</u>	<u>(759,828)</u>	<u>(759,828)</u>		<u>-</u>
Total Other Financing (Uses)	<u>(759,828)</u>	<u>(759,828)</u>	<u>(759,828)</u>	<u>-</u>	<u>-</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>-</u>	<u>(599,712)</u>	<u>(959,621)</u>	<u>\$ (2,094)</u>	<u>\$ (362,003)</u>
Appropriated Fund Balance		<u>599,712</u>			
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>(959,621)</u>		
Fund Balance, Beginning of Year			<u>2,971,422</u>		
Fund Balance, End of Year			<u>\$ 2,011,801</u>		

COUNTY OF TOMPKINS

BUDGETARY COMPARISON SCHEDULE (NON-GAAP) SPECIAL GRANT FUND FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES					
Departmental Income	\$ 139,371	\$ 139,371	\$ 202,601	\$	\$ 63,230
Use of Money and Property		631,325			(631,325)
Miscellaneous Local Sources	31,833	43,008	381,814		338,806
Interfund Revenues	228,202	262,067	43,008		(219,059)
Federal Sources	1,056,108	1,254,708	1,056,860		(197,848)
Total Revenues	<u>1,455,514</u>	<u>2,330,479</u>	<u>1,684,283</u>	<u>-</u>	<u>(646,196)</u>
EXPENDITURES					
Economic Assistance and Opportunity	1,455,514	1,699,154	1,347,284		351,870
Home and Community Services		702,294	702,293		1
Total Expenditures	<u>1,455,514</u>	<u>2,401,448</u>	<u>2,049,577</u>	<u>-</u>	<u>351,871</u>
Excess of Revenues	-	(70,969)	(365,294)	-	(294,325)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In			262,067		262,067
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>262,067</u>	<u>-</u>	<u>262,067</u>
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	<u>-</u>	<u>(70,969)</u>	<u>(103,227)</u>	<u>\$ -</u>	<u>\$ (32,258)</u>
Appropriated Fund Balance		70,969			
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>(103,227)</u>		
Fund Balance, Beginning of Year			<u>1,400,092</u>		
Fund Balance, End of Year			<u>\$ 1,296,865</u>		

COUNTY OF TOMPKINS

SCHEDULE OF CHANGES IN THE COUNTY'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

Tompkins County:	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability			
Service Cost	\$ 3,367,196	\$ *	\$ *
Interest Cost	3,104,040	*	*
Changes of Benefit Terms	-	*	*
Differences Between Expected and Actual Experience	(6,840,910)	*	*
Changes in Assumptions or Other Inputs Benefit Payments	(2,568,093)	*	*
Benefit Payments	<u>(1,340,446)</u>	*	*
	(4,278,213)	*	*
Total OPEB Liability - Beginning	<u>79,420,481</u>	*	*
Total OPEB Liability - Ending	<u>\$ 75,142,268</u>	<u>\$ 79,420,481</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 35,769,868	\$ *	\$ *
Liability as a Percentage of Covered Payroll	210%		
Tompkins County Public Library:	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability			
Service Cost	\$ 199,381	\$ *	\$ *
Interest Cost	183,798	*	*
Changes of Benefit Terms		*	*
Differences Between Expected and Actual Experience	(405,068)	*	*
Changes in Assumptions or Other Inputs Benefit Payments	(152,064)	*	*
Benefit Payments	<u>(79,371)</u>	*	*
	(253,324)	*	*
Total OPEB Liability - Beginning	<u>4,702,696</u>	*	*
Total OPEB Liability - Ending	<u>\$ 4,449,372</u>	<u>\$ 4,702,696</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 2,118,028	\$ *	\$ *
Liability as a Percentage of Covered Payroll	210%		

* Information is unavailable and will be present as information becomes available.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
*	*	*	*	*	*	*
<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
\$ *	\$ *	\$ *	\$ *	\$ *	\$ *	\$ *

COUNTY OF TOMPKINS

SCHEDULE OF CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>
County			
Contractually Required Contribution	\$ 6,172,891	\$ 5,985,813	\$ 6,385,773
Contributions in Relation to the Contractually Required Contribution	(6,172,891)	(5,985,813)	(6,385,773)
Contribution Deficiency (Excess)	-	-	-
County's Covered - Employee Payroll	39,035,035	38,441,581	36,639,368
Contributions as a Percentage of Covered - Employee Payroll	15.8%	15.6%	17.4%
Library			
Contractually Required Contribution	264,626	260,850	303,722
Contributions in Relation to the Contractually Required Contribution	(264,626)	(260,850)	(303,722)
Contribution Deficiency (Excess)	-	-	-
Library's Covered - Employee Payroll	1,869,784	1,852,253	1,798,141
Contributions as a Percentage of Covered - Employee Payroll	14.2%	14.1%	16.9%
District			
Contractually Required Contribution	26,327	24,493	33,317
Contributions in Relation to the Contractually Required Contribution	(26,327)	(24,493)	(33,317)
Contribution Deficiency (Excess)	-	-	-
District's Covered - Employee Payroll	217,067	184,267	164,198
Contributions as a Percentage of Covered - Employee Payroll	12.1%	13.3%	20.1%

* Information Unavailable

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 6,563,490	\$ 7,383,294	\$ *	\$ *	\$ *	\$ *	\$ *
(6,563,490)	(7,383,294)	*	*	*	*	*
-	-	*	*	*	*	*
34,194,313	33,948,487	*	*	*	*	*
19.2%	21.7%	N/A	N/A	N/A	N/A	N/A
288,556	320,152	265,631	227,295	188,229	*	*
(288,556)	(320,152)	(265,631)	(227,295)	(188,229)	*	*
-	-	-	-	-	*	*
1,685,339	1,489,640	1,532,665	1,457,033	1,536,141	*	*
17.1%	21.5%	17.3%	15.6%	12.3%	N/A	N/A
7,463	55,175	60,305	27,641	23,197	16,109	19,721
(7,463)	(55,175)	(60,305)	(27,641)	(23,197)	(16,109)	(19,721)
-	-	-	-	-	-	-
162,338	183,540	272,532	257,394	204,541	232,186	245,443
4.6%	30.1%	22.1%	10.7%	11.3%	6.9%	8.0%

COUNTY OF TOMPKINS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

County	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.1660770%	0.1599580%	0.1528740%	0.1492680%
Proportionate Share of the Net Pension Liability	\$ 5,360,784	\$ 15,026,215	\$ 24,541,202	\$ 5,040,765
Covered-employee Payroll During the Measurement Period	38,779,719	37,427,166	34,275,974	33,949,328
Proportionate Share of the Net Pension Liability as a Percentage of Covered-employee Payroll	13.82%	40.15%	71.60%	14.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	94.7%	90.7%	97.9%
Library				
Proportion of the Net Pension Liability	0.0071640%	0.007000%	0.0073000%	0.0062000%
Proportionate Share of the Net Pension Liability	\$ 231,219	\$ 660,193	\$ 1,168,629	\$ 209,698
Covered-employee Payroll During the Measurement Period	1,889,283	1,811,285	1,758,709	1,465,228
Proportionate Share of the Net Pension Liability as a Percentage of Covered-employee Payroll	12.24%	36.45%	66.45%	(14.31)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	94.7%	90.7%	97.9%
District				
Proportion of the Net Pension Liability	0.0010690%	0.0009490%	0.0010930%	0.0010680%
Proportionate Share of the Net Pension Liability	\$ 34,507	\$ 89,199	\$ 175,403	\$ 36,068
Covered-employee Payroll During the Measurement Period	191,043	163,940	164,973	154,433
Proportionate Share of the Net Pension Liability as a Percentage of Covered-employee Payroll	18.06%	54.41%	106.32%	23.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.2%	94.7%	90.7%	97.9%

COUNTY OF TOMPKINS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

Note 1 Budget Basis of Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles for the General, County Road, Road Machinery, Transportation, Special Grant, Solid Waste, and Debt Service Funds. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in the GAAP based financial statement, but reserve a portion of the applicable appropriation, thereby ensuring that the appropriations are not exceeded. The accompanying Budgetary Comparison Schedules for the General, County Road, Transportation, Special Grant, and Solid Waste Funds present comparisons of the legally adopted budget with actual data.

Note 2 Reconciliation of Budget Basis to GAAP

No adjustment is necessary to convert excess of expenditures and other uses over revenues and other sources on the GAAP basis to the budget basis as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

Note 3 Schedule of Changes in the Total OPEB Liability and Related Ratios

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates in each period:

2018 - 3.44%

2017 - 3.78%

Note 4 Schedules of the County's Proportionate Share of the Net Pension Liability

The Schedule of the County's Proportionate Share of the Net Pension Liability, required supplementary information, presents four years of information. This schedule will present ten years of information as it becomes available from the pension plans.

Note 5 Schedules of County's Contributions - NYSLRS Pension Plans and Schedules of the County's Proportionate Share of the Net Pension Liability

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2017 actuarial valuation.

COUNTY OF TOMPKINS

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION DECEMBER 31, 2018

Note 5 Schedules of County's Contributions - NYSLRS Pension Plans and Schedules of the County's Proportionate Share of the Net Pension Liability - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2017 actuarial valuation determines the employer rates for contributions payable in fiscal year 2018. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year phase in deferred recognition of each year's net investment income/loss in excess of (or less than) 7.5% at a rate of 20% per year, until fully recognized after five years. For fiscal years ending prior to June 30, 2015, realized and unrealized appreciation in excess of (or less than) the assumed inflationary rate of 4.0% is subject to the five-year phase in.
Inflation	2.5%
Salary Scale	3.8% in ERS, indexed by service.
Investment Rate of Return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually

COUNTY OF TOMPKINS

COMBINING BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2018

	Special Revenue Fund	Capital Projects Funds	
	Road Machinery Fund	TCAT Fund	Home and Community Services Fund
ASSETS			
Cash and Cash Equivalents - Unrestricted	\$ 350,694	\$ 74,393	\$ 1,317,213
Cash and Cash Equivalents - Restricted	_____	_____	_____
Temporary Investments - Restricted	_____	_____	_____
Due from Other Funds	544,317	_____	_____
Due from State and Federal Governments	_____	1,586	94,075
Other Receivables, Net	983	_____	_____
Prepaid Expenses	_____	_____	_____
Total Assets	\$ 895,994	\$ 75,979	\$ 1,411,288
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	\$ 237,709	\$ 1,576	\$ _____
Accrued Liabilities	12,570	_____	_____
Due to Other Funds	6,223	_____	_____
Total Liabilities	256,502	1,576	-
Fund Balances			
Nonspendable	_____	_____	_____
Restricted	_____	_____	_____
Committed	_____	74,403	1,411,288
Assigned	639,492	_____	_____
Total Fund Balances	639,492	74,403	1,411,288
Total Liabilities and Fund Balances	\$ 895,994	\$ 75,979	\$ 1,411,288

Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
Public Health Fund	Public Safety Fund	Education Fund	TTASC Fund	
\$ 881,203	\$ 962,021	\$ 481,893	\$	\$ 4,067,417
		5,551	119,666	125,217
			649,852	649,852
	493,965			1,038,282
	(2,179)			93,482
			550,000	550,983
			3,550	3,550
\$ 881,203	\$ 1,453,807	\$ 487,444	\$ 1,323,068	\$ 6,528,783
\$ 29,634	\$	\$	\$	\$ 268,919
				12,570
	198,044			204,267
29,634	198,044	-	-	485,756
			3,550	3,550
		5,551	1,319,518	1,325,069
851,569	1,255,763	481,893		4,074,916
				639,492
851,569	1,255,763	487,444	1,323,068	6,043,027
\$ 881,203	\$ 1,453,807	\$ 487,444	\$ 1,323,068	\$ 6,528,783

COUNTY OF TOMPKINS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2018

	Special Revenue Fund	Capital Projects Funds	
	Road Machinery Fund	TCAT Fund	Home and Community Services Fund
REVENUES			
Use of Money and Property	\$ 482	\$ 78	\$ 1,062
Sale of Property and Compensation for Loss	16,206		
Miscellaneous Local Sources	1,240		
Interfund Revenues	1,605,724		
State Sources			94,075
Federal Sources		2,017,983	
Total Revenues	1,623,652	2,018,061	95,137
EXPENDITURES			
General Governmental Support			
Transportation	1,868,545		
Employee Benefits	131,956		
Debt Service (Principal and Interest)			
Capital Outlay		2,020,434	468,691
Total Expenditures	2,000,501	2,020,434	468,691
Excess of Revenues (Expenditures)	(376,849)	(2,373)	(373,554)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers In			861,768
Total Other Financing Sources (Uses)	-	-	861,768
Excess of Revenues (Expenditures) and Other Financing Sources (Uses)	(376,849)	(2,373)	488,214
Fund Balances, Beginning of Year	1,016,341	76,776	923,074
Fund Balances, End of Year	\$ 639,492	\$ 74,403	\$ 1,411,288

Capital Projects Funds			Debt Service Fund	Total Non-Major Governmental Funds
Public Health Fund	Public Safety Fund	Education Fund	TTASC Fund	
\$ 1,230	\$ 1,098	\$ 391	\$ 14,439	\$ 18,780
				16,206
100,000			552,761	654,001
				1,605,724
5,000				99,075
	73,596			2,091,579
106,230	74,694	391	567,200	4,485,365
			63,407	63,407
				1,868,545
				131,956
			500,339	500,339
216,311	91,077	-		2,796,513
216,311	91,077	-	563,746	5,360,760
(110,081)	(16,383)	391	3,454	(875,395)
	1,153,965			2,015,733
-	1,153,965	-	-	2,015,733
(110,081)	1,137,582	391	3,454	1,140,338
961,650	118,181	487,053	1,319,614	4,902,689
\$ 851,569	\$ 1,255,763	\$ 487,444	\$ 1,323,068	\$ 6,043,027

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

County Legislature
County of Tompkins
Ithaca, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Tompkins, New York (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 19, 2019. Our report includes a reference to other auditors who audited the financial statements of Tompkins Cortland Community College, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 19, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

County Legislature
County of Tompkins
Ithaca, New York

Report on Compliance for Each Major Federal Program

We have audited the County of Tompkins, New York's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully Submitted,



Inero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
June 19, 2019

COUNTY OF TOMPKINS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Agriculture				
Passed Through NYS Department of Health:				
Special Supplemental Nutrition Program for Women, Infants and Children - Administration	10.557	C025804	\$	\$ 517,610
Special Supplemental Nutrition Program for Women, Infants and Children - Food Instruments	10.557	(1)		645,131
Total Special Supplemental Nutrition Program for Women, Infants and Children			-	1,162,741
Passed Through NYS Office of Temporary and Disability Assistance:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	(1)		1,031,967
Total SNAP Cluster			-	1,031,967
Total U.S. Department of Agriculture			-	2,194,708
U.S. Department of Housing and Urban Development				
Passed Through NYS Homes and Community Renewal:				
Community Development Block Grants - State's Program	14.228	1144CRFHR99-14	242,681	242,681
Total Community Development Block Grants - State's Program			242,681	242,681
Total U.S. Department of Housing and Urban Development			242,681	242,681
U.S. Department of Labor				
Passed Through NYS Office for the Aging:				
Senior Community Service Employment Program	17.235	(1)		15,119
Passed Through NYS Department of Labor:				
Employment Service/Wagner-Peyser Funded Activities	17.207	(1)		60,580
Trade Adjustment Assistance Workers	17.245	(1)		10,383
WIA Cluster:				
WIA Adult Program	17.258	(1)		138,271
WIA Youth Activities	17.259	(1)		322,773
WIA Dislocated Workers	17.278	(1)		121,904
Total WIA Cluster			-	582,948
Total U.S. Department of Labor			-	669,030
Subtotal Expenditures of Federal Awards			242,681	3,106,419

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

COUNTY OF TOMPKINS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ 242,681	\$ 3,106,419
U.S. Department of Transportation				
Direct Programs:				
Federal Transit Cluster:				
Federal Transit - Formula Grants	20.507	N/A	2,553,497	4,621,539
Total Federal Transit Cluster			2,553,497	4,621,539
Transit Services Programs Cluster:				
Airport Improvement Program	20.106	N/A		1,512,790
Passed Through NYS Department of Transportation:				
Highway Planning and Construction Cluster:				
Highway Planning and Construction	20.205	D022374		246,858
Highway Planning and Construction	20.205	D034773		3,386
Total Highway Planning and Construction Cluster			-	250,244
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	C033460		290,059
Passed Through NYS Governor's Traffic Safety Committee:				
Highway Safety Cluster:				
State and Community Highway Safety	20.600	PTS-2018-00582		1,793
State and Community Highway Safety	20.600	PTS-2018-00610		1,631
Total Highway Safety Cluster			-	3,424
Total U.S. Department of Transportation			2,553,497	6,678,056
Environmental Protection Agency				
Passed Through NYS Department of Health:				
State Indoor Radon Grants	66.032	T30724GG		8,562
Total Environmental Protection Agency			-	8,562
U.S. Department of Education				
Passed through NYS Department of Health:				
Special Education - Grants for Infants and Families with Disabilities	84.181	C027514		39,771
Total U.S. Department of Education			-	39,771
U.S. Department of Health and Human Services				
Direct:				
Drug-Free Communities Support Program Grants	93.276	B4358P1		
Subtotal U.S. Department of Health and Human Services			-	-
Subtotal Expenditures of Federal Awards			2,796,178	9,832,808

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

COUNTY OF TOMPKINS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ 2,796,178	\$ 9,832,808
Subtotal U.S. Department of Health and Human Services Brought Forward			-	-
U.S. Department of Health and Human Services (con't.)				
Passed Through NYS Office for the Aging:				
Title VII, Chapter 2 - Long-term Care Ombudsman Services for Older Individuals	93.042	(1)		113,000
Title III-D, Disease Prevention and Health Promotion Services Aging Cluster:	93.043	(1)		5,079
Title III-B, Grants for Supportive Services and Senior Centers	93.044	(1)		71,092
Title III-C, Nutrition Services	93.045	(1)		139,095
Nutrition Services Incentive Program	93.053	(1)		105,298
Total Aging Cluster			-	315,485
Title III-E, National Family Caregiver Support	93.052	(1)		33,807
Medical Enrollment Assistance Program	93.071	(1)		13,321
Guardianship Assistance	93.090	(1)		25,352
Centers for Medicare and Medical Services Research, Demonstrations and Evaluations	93.779	(1)		16,987
Passed Through NYS Department of Health:				
Immunization Grants	93.268	C32550GG		40,881
Immunization Grants	93.268	C028325		15,540
Total Immunization Grants				56,421
Maternal and Child Health Services Block Grant to the States:				
Maternal and Child Health Services Block Grant to the States	93.994	C32689GG		22,956
Maternal and Child Health Services Block Grant to the States	93.994	C030250		4,540
Maternal and Child Health Services Block Grant to the States	93.994	C30925GG		28,717
Total Maternal and Child Health Services Block Grant to the States			-	56,213
Medical Assistance Program	93.778	(1)		395,465
Passed Through Health Research, Inc.:				
Public Health Emergency Preparedness	93.069	HRI-1626-10		87,540
Passed Through NYS Office of Mental Health:				
Projects for Assistance in Transition from Homelessness	93.150	(1)	33,279	33,279
Passed Through NYS Office of Temporary and Disability Assistance:				
TANF Cluster:				
Temporary Assistance to Needy Families	93.558	(1)	262,232	6,083,290
Total TANF Cluster			262,232	6,083,290
Child Support Enforcement	93.563	(1)		391,452
Low-Income Home Energy Assistance	93.568	(1)		2,229,797
Passed Through NYS Office of Children and Family Services:				
Promoting Safe and Stable Families, Title IV-B, Subpart 2	93.556	(1)		27,493
CCDF Cluster:				
Child Care and Development Block Grant	93.575	(1)		95,022
Total CCDF Cluster			-	95,022
Child Care Mandatory and Matching Funds of the				
Child Care and Development Fund	93.596	(1)		5,954
Child Welfare Services Program	93.645	(1)		53,623
Foster Care - Title IV-E	93.658	(1)		933,876
Adoption Assistance	93.659	(1)		1,771,824
Social Services Block Grant	93.667	(1)		364,669
Chafee Foster Care Independence Program	93.674	(1)		127,016
Children's Health Insurance Program	93.767	(1)		50,462
Medical Assistance Program	93.778	(1)		1,291,856
Passed Through NYS State Office of				
Alcoholism and Substance Abuse Services:				
Substance Abuse and Mental Health Services Administration	93.243	(1)	-	58,332
Block Grants for Prevention and Treatment of Substance Abuse	93.959	(1)	425,811	932,489
Total U.S. Department of Health and Human Services			721,322	15,569,104
Subtotal Expenditures of Federal Awards			3,517,500	25,401,912

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

COUNTY OF TOMPKINS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2018

Federal Grantor/Pass-Through Grantor/ Program Title	Federal Catalog #	Pass-Through Grantor #	Passed Through to Subrecipients	Expenditures
Subtotal Expenditures of Federal Awards Brought Forward			\$ 3,517,500	\$ 25,401,912
U.S. Department of Homeland Security				
Passed Through NYS Office of Homeland Security and Emergency Services:				
Homeland Security Grant Program	97.067	LE16-1049-D00		25,550
Homeland Security Grant Program	97.067	WM17974072		28,742
Homeland Security Grant Program	97.067	WM17198298		148,478
Homeland Security Grant Program	97.067	WM18836285		42,717
Homeland Security Grant Program	97.067	WM15974050		19,304
Total Homeland Security Grant Program			-	264,791
Passed Through NYS Emergency Management Office:				
Hazard Mitigation Grants	97.039	2008-025	118,909	118,909
Total U.S. Department of Homeland Security			118,909	383,700
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,636,409	\$ 25,785,612
Program Totals and Clusters Obscured Above				
Medical Assistance Program - Medicaid Cluster	93.778			<u>\$ 1,687,321</u>

N/A - Denotes Not Applicable (Direct Program)

(1) - Denotes unable to obtain from Pass-Through Entity

COUNTY OF TOMPKINS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS DECEMBER 31, 2018

Note 1 **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the County of Tompkins, an entity as defined in Note 1 to the County's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable program and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The County has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, i.e., the County's share of certain program costs, are not included in the reported expenditures.

Note 5 **Low-Income Home Energy Assistance**

Differences between the amounts reflected in the Schedule of Expenditures of Federal Awards and the Department of Social Services' Federal Financial Reports (RF-8 claims) are due to payments distributed directly to recipients by the State of New York. The difference amounted to \$2,052,071 for the year ended December 31, 2018.

COUNTY OF TOMPKINS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS DECEMBER 31, 2018

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>20.507</u>	<u>Federal Transit - Formula Grants</u>
<u>93.558</u>	<u>Temporary Assistance to Needy Families</u>

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 773,568

Auditee qualified as low-risk auditee: yes no

Section II - Financial Statement Findings None

Section III - Federal Award Findings and Questioned Costs None